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The Week-end Review

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The New Statesman and Nation—The Week-end Review. *Incorporating The New Statesman, The Nation and Athenaeum, Week-end Review.*

THE real issue raised by the case of Mr. Duncan Sandys is quite simple and of the utmost importance. Waste, inefficiency, corruption or tyranny in any Department of State can seldom be effectively exposed without the use of information obtained from some servant of the State. The most important existing check on maladministration is the right of the Member of Parliament to ask questions and to state the facts without fear of punishment to either himself or his informant. If the Official Secrets Acts can be used to override this parliamentary privilege, as well as to shut down well-informed criticism of the press, then democracy is helpless. Criticism would then really become irresponsible because ill-informed. As we explain in our leading article, the intention of the Official Secrets Act was to deal with spying and to prevent leakages which may be a "danger to the State." It is of urgent importance that it should only be used for this original purpose and that the wide police powers under Section 6 of the Act of 1920 should be curtailed. Once the Government is allowed to confuse a danger to the State with danger to the Government of the day the vital principle of constitutional government as opposed to despotism is surrendered. A vital point in the battle for constitutional as opposed to arbitrary government is involved in this dispute.

Franco's Bluff

Official protests to General Franco lead only to more bombing because Mussolini knows that Mr. Chamberlain will not do more than protest. The report that Parliament is getting angry and that Mr. Chamberlain may fall if the bombing continues is followed by an immediate lull in the activities of the Fascist planes. In short, all talk about a "general conflagration" arising out of the bombing of British ships in Spanish harbours is just meant to scare the public and the Opposition. Sir Robert Hodgson is asked to report and Franco makes suggestions about a safe port for British ships far from the battlefields—anything to keep the British public quiet so that Mr. Chamberlain shall be secure while the Fascists go on battering and bombing the Spanish people without interference. Meanwhile the Non-Intervention Committee

makes progress at a tortoise pace. A plan for sharing the costs (which may be as much as £1,500,000) is agreed upon; the next step (which can take as long as Franco thinks fit) is to get the assent of the two Spanish administrations to the scheme for the withdrawal of troops, and then to arrange the work of the Commissions which are to do the counting in Spain, and then to secure agreement about the numbers to be withdrawn, and then . . . and then . . .

The Bombing of Open Towns

It is some weeks since the British Government expressed their horror of the bombing of open towns, and suggested an international commission to go out to Spain and report. They have at last made a definite proposal, which the Spanish Government have warmly approved. In due course, we suppose, the commission will be set up and get to work, though whether its reports will have any effect in stopping this devilry is a matter of considerable doubt. It is not surprising, in view of all they have suffered, that the Spanish Government should talk of reprisals. Their threat of such action last week-end provoked a furious press outburst in Germany and in Italy, where it was assumed that "the Spanish Reds intended to bomb Genoa, Naples and Rome." So far as we know they did not mean anything of the sort; but the hubbub was sufficient to alarm the non-Interventionists, and the British and French Governments were both eager in pressing counsels of moderation on Barcelona. How far this moderation is expected to extend or how long it can be counted to last, we do not know. Italians were boasting the other day of their determination to defend "Italian interests in Majorca"—which hardly squares with the official assurances that Italy disclaims any interests there.

The War in China

Both sides have made the usual claims of victories in the Far-Eastern war during the past week. The only uncontradicted report is that the Japanese have broken through the defences on the south bank of the Yangtze at Matung. But this is no more than a minor local success which decides nothing. There is, indeed, no present sign of anything but the continuance of massacre and destruction from north to south and east and west. General Itagaki, the Japanese War Minister, is reported to have said a few days ago that the war may go on for ten or even twenty years; but even the most hardened militarist could scarcely expect the Japanese people and the Japanese economy to stand that. Meanwhile another aggression is threatened on Western interests. The Japanese may find it necessary, they say, to occupy the island of Hainan, which lies about 300 miles south-west of Hong Kong and faces French Indo-China. The French are not unnaturally alarmed, and their Ambassador and ours in Tokyo have informed the Japanese Government that any such occupation of Hainan is "calculated to give rise to undesirable complications." And if such complications did arise, then, Mr. Butler told the House of Commons, "H.M. Government and the French Government would no doubt afford each other such support as appeared to be warranted by the circumstances." We hope the Japanese will be impressed by this warning that the worm may consider the possibility of turning.

Austrian Discontents

The rottenness in the new State of Austria is vehemently denied in Berlin. It is not true, we are told, that the Austrian Nazis are seething with discontent because most of the plums in the *Anschluss* pie have been given to Germans from the Reich; nearly all the leaders of Party formations in Austria, as well as local officials are Austrians. From Vienna comes another denial. It is not true, says Herr Bürckel that 1,000 Austrian Nazis have been put in the concentration camp at Dachau; only 100 or so S.A. men have been arrested (but not sent to Dachau) for criminal activities. Despite all this, reports of widespread and profound dissatisfaction persist and multiply, and nobody believes that Austria has settled down happily under its new masters. Many non-Nazis have, of course, lost their jobs, or are in danger of losing them, to Nazis. And there is certainly friction, as the *Times* Vienna correspondent pointed out the other day, between the moderates and the radicals in the Austrian National-Socialist Party itself, "who are competing for posts in which they can make their policies prevail." Attempts have been made by various individuals and groups to get the Führer's ear for their grievances; but anything that he may have said or done has so far been behind the scenes. He has no intention, it seems, of coming on to the stage as a "deus ex machina."

Maximum Wages in Germany

A new decree has just been issued by General Göring under which the Reich Labour Trustee is given power to fix maximum wages in all industries. This decree removes the only remaining safeguard of the working-class standard of living in Germany. Up till this week the fact that certain industrialists had been willing to offer higher wages in order to get first-class work had prevented the State from forcing wages down at will. Now the last check on the Party has been removed, and no doubt "German equality" will be achieved by levelling all wages down to the pittance paid in the Göring concern and other State industries. Whether this will increase efficiency is another question. A Dutch steel-magnate informed us last week that he had been forced to buy British steel at 25 per cent. more than the German price owing to the deterioration in the quality of the Nazi product. The new decree will do nothing to improve the position.

Mexico

The latest news from Mexico shows that even in his dealings with minor Powers Mr. Chamberlain cannot manage to get things his own way. When the Mexican Government expropriated the oil concerns, he felt that here at last was a chance of banging down his fist in the old-fashioned British style. The result must be disconcerting both to the oil magnates and to the general staff. In order to raise the money to pay compensation to the companies Mexico has been forced to negotiate a contract with the German Government; and in a few days 12,000,000 barrels of Mexican oil will have been duly exchanged for 60 per cent. of merchandise and 40 per cent. cash, unless American pressure makes itself felt at the last moment. Such a conclusion to our firm dealings with a "Bolshevik" State would be comic, were

it not for the fact that it strengthens the hand of Fascism yet again. It proves that the British Government have not yet realised that a mere creditor in the modern world cannot compete against a bankrupt Fascist State which is prepared to buy or exchange goods with a producer of raw materials. By pressing the exclusive claims of British finance the Government have once more jeopardised the interest of British exporters, and alienated the sympathies of an anti-Fascist country. As a result no one has gained anything except the Nazis, and the process by which South East Europe was handed over to German influence has begun in Central America.

The Coal Bill Through the Lords

The Coal Bill is at last through the House of Lords and the Commons will now have to consider the numerous amendments made in the royalty owners' chamber. In the Lords, no less than 120 amendments to the Bill were moved in Committee and 100 more on Report, and ten entire parliamentary days were given to the discussion. The Government were defeated on several occasions, and a number of hitherto silent peers made Die-hard speeches reminiscent of the Reform Bill debates of 1830–1832. Lords Hastings and Cromwell, among others, threatened that, if the Commons refused to accept the Lords' amendments, the Lords would fight to the death in defence of the rights of property. Lord Hastings delivered a violent attack on the Civil Service as the real inspirers of the Bill —an attack which Lord Stanhope promptly repudiated on the Government's behalf. Of the Lords' amendments, apart from those which have the effect of increasing the compensation payable under the Greene award, the most important conditionally postpones the date for vesting coal properties in the new Commission; and it is from this that the Commons are most likely to dissent. As to the ultimate disagreement between the royalty owners and the Government concerning the valuation of the coal, the answer is bound to be speculative; for no one can forecast with certainty the future course of demand over a long period.

Co-operators and N.D.C.

It was not to be expected that Sir John Simon or a majority of the present House of Commons would accept the demand of the Co-operative Societies that they should be exempted from payment of N.D.C. It is true that the Co-operative movement can put up fully as good a case as the public utility concerns, which have been exempted altogether, or the Building Societies, which have secured special treatment. But the Co-operative movement, unlike these other "services," has a very powerful enemy strongly entrenched in the House of Commons itself. The private trading interest does all it can to get its principal rival taxed whenever an opportunity occurs; and in any battle between the Co-ops. and the private trader, the Conservative Party is practically solid against the Co-ops. Mr. Barnes and Mr. Alexander, supported by the Labour Party, therefore fought in vain against the imposition of N.D.C. They did, however, drive Sir John Simon into admitting that some of the concerns which escape the tax as "public utility" societies are in fact making very handsome profits, and that he hoped, when an opportunity arose, to "put on much stricter restrictions in certain cases." This will not, of course, satisfy the Co-operative movement; but Co-operators have ceased to expect equitable treatment in the present Parliament.

Holidays with Pay Lead to Complications

The problems arising out of the concession of holidays with pay look like leading to a great deal of trouble. In South Wales, where the system has just been introduced in the mining industry, there is already a big accumulation of grievances. The Unemployment Assistance Board and the Public Assistance Committees are scaling down allowances on account of the new source of income, and insurance companies are withholding compensation payments from men in receipt of weekly sums due because of partial disablement. There is also trouble over the payment of unemployment insurance benefit. Legally, it may be that the bodies which are thus docking the miners on account of the new holiday payments are in the right; but it was clearly not the intention of the Holidays with Pay Committee that the concession should be neutralised by the withdrawal of other forms of income. It is also alleged that the effect of the concession has been a remarkable rise in room rents in holiday resorts in or near South Wales. This can hardly be prevented, if the pressure on space enables the lodging-house keepers to raise their charges; but it makes another reason for not allowing the miners to lose the additional income which they are supposed to be getting. As far as unemployment insurance benefit is concerned, the matter is at present *sub judice* in a test case; but the issue is much wider than this, and will have to be dealt with as a whole unless endless troubles are to develop.

The Plight of the Herring Fishery

The Report of the Herring Industry Board for 1937, issued the other day, is a confession of impotence. The once great export trade in herrings to Russia and Germany is disappearing rapidly. German imports have been halved since 1929; Russian imports are not much more than one-tenth of what they were ten years ago; Dutch exports have risen sharply. There is no prospect at all of the lost trade being recovered in face of the development of domestic industries in the importing countries; and consequently the British fleet of drifters and motor-vessels is much too large to be remuneratively employed. The Scottish fleet especially has been running at a serious loss; and there is widespread unemployment among the workers. In face of these facts, the Board reports an entire unwillingness on the part of the leading interests in the industry to accept any considerable measure of reorganisation. As long as these interests can continue to live on State subsidies, they will greatly prefer this to undertaking any reorganisation designed to scale down the industry to the lower level of demand. The Board's report has evidently to be read in conjunction with the Bill, now before Parliament, which is to reconstitute it with larger powers. Unless home demand can be greatly expanded there is no alternative to drastic curtailment of output. This is bound to involve severe hardship; but it would be very much better to deal with the problem generously once and for all than to dole out subsidies which only perpetuate the evil.

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OFFICIAL SECRETS

A NUMBER of most interesting questions arise out of the Sandys affair. The question of the leakage itself, the position of the Secretary of State for War and the advance and retreat of the Attorney-General, the special privilege of Members of Parliament—all these are the proper subject for close inquiry, a select committee and a debate in the House of Commons. The right of the M.P. to ask informed questions without danger to himself or his informant is one of the most important checks we have upon arbitary government and maladministration. But the issue is still wider; we are all vitally concerned with the provisions and administration of the Official Secrets Acts.

The present law relating to "official secrets" rests on the Acts of 1911 and 1920. They were passed to deal with spying. In 1920 Sir Gordon Hewart, then Attorney General, in a second reading debate said that it seemed to him astonishing to suggest that the Bill dealt with the press. "I should have thought that the first comment of a journalist reading that revision would be this: 'whoever may be the persons referred to, they are certainly not journalists'"; and in the third reading debate Sir Gordon Hewart said that he was sure that justice had not been done to the limitations of Clause 6 of the Bill. He went on "we are dealing only with offences or suspected offences under the principal Act or this Act. In other words, to put it shortly, we are dealing with spying or attempts at spying." It is a curious irony, as the National Union of Journalists has pointed out, that in dealing with the appeal from a recent case in Stockport of a journalist named Lewis, who was convicted for refusing to divulge the source of information he had written up for a newspaper, it was Lord Hewart himself who was compelled, as Lord Chief Justice, to apply this Section 6 in a way which he had thought quite inapplicable when he was Attorney General. In this case, Lewis *v.* Cattle, the Official Secrets Act was used not to deal with a spy but with the press, and the official "secrets" that were divulged were nothing more serious than a police circular about a common swindler. A police circular is clearly not an official secret in the sense intended by the House of Commons, but the wording of Section 6 is so comprehensive that the only ground on which an appeal could be made was whether a policeman was a servant under the Crown.

The importance of this case is that it brings out the full implications of the Official Secrets Acts. Editors have always regarded it as a point of honour, as well as of prudence, to refuse to divulge the names of people who supply them with information. In the case of espionage or of any crime that really involves danger to the State, journalists will agree that it is reasonable to limit this tradition of the right of secrecy, and they are always ready to keep quiet about such matters as the movements of troops or of ships, as they showed by saying nothing at all about the movements of the Navy throughout the Abyssinian war. But no one suggests that there was any "danger to the State" in divulging the facts in a police circular. If an editor or a journalist may be sent to prison for refusing to divulge the source of any piece of information which the police have reason to think comes even indirectly from a person in the service of the Government, it is obvious that the function of the press, as the guardian of the citizen's liberty and as the watchdog against inefficiency and corruption in high places, is very seriously impaired. It is to be noted that under the 1911 Act it is an offence for anyone to communicate any information "which he has obtained or to which he has had access owing to his position as a person who holds or has held office under His Majesty, or as a person who holds or has held a contract made on behalf of His Majesty, or as a person who is or has been employed under a person who holds or has held such an office or contract"; that anyone who "receives," let alone publishes, information which he has reasonable ground for thinking has been so obtained also commits an offence. This applies whether the information is "secret," prejudicial to the safety of the State, in short, whether it is of importance or of no importance. In other words, this proviso should have no place in an Act purporting to deal only with Official Secrets.

This is the case for Mr. Dingle Foot's Bill which would amend Section 6 of the 1920 Act. It provides that the special powers of interrogation under the Act should be exercised only by the express permission of one of the Law Officers or the Home Secretary, that persons interrogated should not be required to expose themselves to a criminal charge, and that it should not be an offence to fail to give information unless there are reasonable grounds for believing that the information relates to matters affecting the safety of the State.

Because the law is now so comprehensive it must be arbitrarily applied. It is a weapon held in the hands of the police and used not with impartiality but spasmodically and arbitrarily. Not long ago Mr. Edgar Lansbury was fined £25 for publishing in a life of his father the text of a memorandum on unemployment which was in his possession because Mr. George Lansbury had been a member of the Labour Cabinet in 1929. It was not suggested that the publication of this document did any harm, endangered the safety of the State, or, indeed, had anything to do with the objects for which the Official Secrets Acts were passed. The object, one heard it said at the time, was "to teach politicians a lesson." The lesson would have been less ambiguous if Mr. George Lansbury had also been prosecuted for divulging the information, and if Mr. Lloyd George had been prosecuted for documents printed in his War Memoirs, which seem clearly to come into the same category as Mr. Lansbury's. But to have prosecuted George Lansbury on so innocent a matter would have caused an outcry, while one may be sure that Mr. Lloyd George, who openly challenged the Government to prosecute, would have been delighted to be taken at his word.

Mr. Sandys has done a public service in raising this whole issue. It is suggested by the *Times*, for instance, that supporters of the Government think it not expedient at this stage of rearmament that "over-pertinent questions" should be put to the Government "regarding the progress of their work, although it is realised that such recent events of importance as the Air Ministry debates, the Cadman report, and the decision not to mechanise the Scots Greys, have depended in part on leakages which might be considered legally to lie within the scope of the Act." Quite so; and if M.P.s may not expose scandals in Government Departments or in the performance of Government contracts, then the most important of their Parliamentary functions is destroyed. There are, of course, risks of secrets that ought not to be divulged being divulged, but

they are negligible in comparison with the risks of keeping secret everything that an administration would like to call secret. If it had not been for newspaper publicity during the last war all our liberties would have been lost and, what is more easily forgotten, the war itself would probably have been lost. Northcliffe's campaign about munitions undoubtedly infringed the Official Secrets Act. So did revelations in the *Morning Post* on a number of occasions. If the truth about the intrigues, about the incompetence and the misplaced vanity of generals had been altogether hidden, the ghastly horrors of Passchendaele might have been repeated until the Germans were in Whitehall. It is worth while to remember that the democracies and not the dictatorships were victorious in 1918, and that one of the chief reasons for their victory was that they were democracies, and not Totalitarian States with absolute power to hide the truth from the public so that the extravagances of profiteering and inefficiency might go unchecked. Because the Official Secrets Act was not applied as some of those in authority would now like to apply it, the press and the House of Commons alike were able to preserve, in some degree, their functions as guardians of the freedom and interests of the public. These functions were never more important than they are to-day.

PARIS MEDLEY

M. DALADIER did not act unconstitutionally when he sent Parliament on holiday a fortnight ago; but it was an odd procedure all the same. For nearly five months Parliament will play no part in public affairs; and if it was sent on holiday it was not so much because of the coming Royal visit (though, heaven knows, a Cabinet crisis on the eve of the Royal visit would have been a most embarrassing business), but because M. Daladier was afraid, if not exactly of a Cabinet crisis, at least of a great deal of unpleasantness. The Communists were, more and more insistently, demanding a debate on Spain, and both the Socialists and the Communists wanted to know whether the Daladier Government would do anything about introducing old-age pensions (which at the beginning of March the Chautemps Government had solemnly promised to introduce); and also whether it would increase the salaries and wages of the *fonctionnaires*, who were, except for some minor allowances, still being paid at the 1936 rate, despite the 50 per cent. rise in the cost of living. They had borne their hardships with almost surprising patience; but now, after the third devaluation, they were beginning to murmur.

The Daladier Government fled. It fled from the prospect of discussing all these questions. It reckoned that the cost of the old-age pensions and of the increase asked by the *fonctionnaires* would amount to six or seven milliard francs; and with an outstanding Treasury deficit of some 25 milliards before the end of the year, M. Daladier could not afford it just now. The revenue, he hoped, would improve in the next few months, and the *fonctionnaires* could get increases under the 1939 Budget; some little concessions might be discussed, in the meantime, but not a big, all-round rise. In short, the Daladier Government was in the dilemma familiar to all the more-or-less Front Populaire Governments of the last two years—rearmament or social expenditure? In time of intensive rearmament heavy social expenditure was out of the question—unless (as in the Totalitarian States) artificial and coercive financial methods were resorted to. And exchange control is more unacceptable to the Daladier-Marchandeau-Bonnet Government than it was even to the Blum-Auriol Government. "If the franc goes again," Daladier said, "we shall lose all our friends and allies." Another devaluation, he suggested, would finally wreck the Tripartite Agreement.

Whether, in spite of Daladier's good intentions, the financial basis of France will, as he hopes, gain in strength in the months before us is a question which is still hard to answer. No matter how many social reforms are discarded, the strain of rearmament continues to be terrific; can it continue indefinitely to be financed by "confidence"? For "confidence" will be maintained only if there is a substantial economic improvement. And although capital continues to trickle back into France, the economic revival, while scarcely justifying the altogether gloomy articles of M. Roche in the *Republique*, the mouthpiece of M. Caillaux, has been hampered by the terrible uncertainties of the international outlook, by the American slump, and also by the impoverishment of large sections of the middle class.

The Daladier decrees, which have now been completed, do not represent an impressive constructive whole. A little taxation here, and a few economy cuts there, and a little sop to the Trade Unions in the form of a new public works and slum-clearing programme, and some concessions to industry in the form of adjustments to the 40-hour week law, and the elimination, especially in the retail trade, of the rigid 5 x 8 principle (i.e. five days a week) through the introduction of a rotation system. In short, a programme calculated not to annoy anybody excessively.

Naturally, neither the Socialists nor the Communists are particularly pleased with the Daladier Government, and they formally protested against the *décret de clôture*. But they are at sixes and sevens among themselves; at a meeting, this week, of the Front Populaire Committee, Duclos, the Communist spokesman, produced a resolution which was an implicit condemnation not only of Daladier's present Government, but also of most of the things Blum had done, both in home and foreign affairs; it condemned the "pause" and devaluation, and it condemned non-intervention. Both parties proposed "extensions" of the Front Populaire programme so as to "get at the 200 families at last"; but the Radical spokesman—not illogically—remarked that it was little good talking of "extension," when even the present Front Populaire programme had not been fully carried out. In any case, he said, the Radicals could decide nothing before their Congress in November—where, of course, the "moderate" policy of Daladier will be fully approved. So the Front Populaire parties got out of the difficulty of saying how disunited they were by sending all their respective resolutions and proposals to a couple of sub-committees.

Not that the Front Populaire idea is quite dead. I should be inclined to say that it was dead economically, but not politically. As an anti-Fascist force it still represents something vital in the country. I mean "Fascism" in this case in a narrow, rather than in a wide sense. That is to say, that while there is no effective opposition to High Finance, the 200 Families and other bugbears of the Front Populaire *Mystique* of 1936, militant Fascism, as it was known in 1934 and 1935 has no ghost of a chance. Doriot and La Rocque are not much more important in France to-day than Mosley is in England. This in itself has been a real achievement of the Front Populaire, and one of both national and international importance. And the Front Populaire "sentiment" is still very strong in the country, as may be seen, for instance, from the genuine and widespread indignation with which the news was received last week that General Duseigneur, alleged to have been involved in the C.S.A.R. (Cagoulard) affair had been released by the *Chambre des Mises en Accusation*. On the other hand, this judicial body decided that most of the other prisoners in the case—about 60 in all—were to be charged with "plotting against the safety of the State," instead of with "associating with evil-doers," the latter being a less serious charge. Independently of this trial there will be distinct charges of murder (in the Rosselli case), and of bomb outrages (in the rue de Presbourg case).

One hesitates to pass any judgment on the Duseigneur case; M. de Kerillis, who is very anti-Cagoulard, claimed that Duseigneur had become involved in the case through "in-

advertence"; but, in any case, there is a strong feeling that the General's release was a political move dictated to a reactionary judiciary by the press of the Right; that the view existing in certain high quarters, that the Army should not be mixed up in the affair was also a contributory factor; and that, on the whole, the sovereignty and political independence of French justice were not above suspicion. And there is also a strong suspicion that the case has not been properly inquired into, and that the Government is not particularly anxious that it should be—and that for international reasons. For, as M. Chautemps himself once admitted, the real gravity of the Cagoulard case was in its international aspect—in the Italian and German origin of the armaments, and in the fact that the C.S.A.R. should have been an instrument for exterminating the enemies of the dictators (e.g. the murder of the Rossellis).

One would have thought that such a blatantly foreign organisation as the C.S.A.R. would be unanimously detested in France. But not a bit of it! M. Bailby, the editor of the *Jour*, proclaimed the other day that the men of the C.S.A.R.—including the hired murderers of the Rosellis—were "serving their country in their own way," and that they therefore deserved the greatest possible leniency and consideration! For if the Fascist Leagues, killed by the Front Populaire, are dead in France, the spirit of the "Fascist international" is still well alive among large sections of the French bourgeoisie—a spirit which excuses the activities of the Cagoulards, who were "serving their country" (that is, World Fascism) "in their own way"; which prays for Franco's victory, and is not in the least disturbed by the entrenchment of Italy and Germany in Spain. In the pro-Fascist *Journal* M. Vautel (who, as the *Oeuvre* says, has the distinction of writing with his feet), argued that Granollers and Alicante were, after all, quite natural; worse things than that had happened in the Wars of Religion and during the invasion of the Huns; it was no use getting too excited about it. In short, France is not immune against the evil-smelling asininity of Italo-German "journalism." It is symptomatic of a certain state of mind. One wonders how widespread it really is.

M. Daladier's *décret de clôture* was, from the point of view of instructiveness, particularly regrettable because it prevented a foreign debate in the Chamber. In the last two years, foreign affairs were discussed only twice by the Chamber—nearly always the Government in office found some excuse for postponing a foreign debate. "Not the right moment," "situation too delicate," or something like that. The House of Commons is much luckier in this respect; it almost makes one wonder whether in foreign affairs, at any rate, Parliament is not something more vital in England than it is in France. And a debate on the international situation would have been instructive at the present time, especially as M. Flandin promised to make a big show.

Flandin's position is curious. Unlike Laval, he is a man without personality; one who, even as Premier, has never impressed any audience. He is rather haughty and *antipathique*; and one somehow feels that, conscious of this lack of "something" in his own personality, he desires to make a big impression at any price. Hence, despite his alleged "democrat" outlook, he is trying to become a sort of human obelisk in the Place de la Concorde—a *concorde* among all those with a more or less sneaking attraction for the defeatist, isolationist, peace-at-any-price outlook. I do not say that Flandin is a Fascist or, as the *Canard* called him, "our Seyss-Inquart"; I do not even believe that Flandin believes what he preaches—for instance, that France will fight only if she is attacked. But he is trying not only to impress the pro-Fascist elements in France, especially in going off the deep end about the Spanish "Reds" and their accomplices in France (among whom, a fortnight ago, before the "closing" of the Spanish frontier, he included the Daladier Government!), but also to become a leader of importance in the eyes of certain peasant and small middle-class elements who want, above all, to be "left in peace." It is foolish, unconstructive propaganda which will be completely forgotten, even by the peace-at-any-price people, the moment Germany invades Czechoslovakia (and it is significant that during the acute stage of the Czech crisis M. Flandin wisely kept his mouth shut). But, in the meantime, M. Flandin remains in the public eye, and is an object of press controversies; which was never the case before, when he seemed harmless and colourless. In brief, Flandin is a personal, much more than a political, "problem." As a "leader of the Opposition"—which is what he would like to be—he will never get very far; for a large part of the Right and Centre, among whom the Barrès-Poincaré traditions and a sound patriotic sense are still strong, fully disapprove of M. Flandin's views. It is no doubt true, as Kerillis says, that certain rural Radicals and even Socialists, with their parochial outlook, are in tacit agreement with Flandin; but that is of no importance in a parliamentary sense. And, in any case, Flandin has scarcely the courage of his convictions; after an uproar over his "isolationism" he invariably climbs down, and claims to have been misunderstood.

So, in spite of the great publicity he is being given, he is not taken seriously in France. The only real danger of Flandin's propaganda lies in the importance that is attached to it in Germany and Italy. Speeches and articles like his are being distributed in thousands of copies in Czechoslovakia as evidence that France cannot be relied on. Men of his kind are useful to Germany; not only do they assist German propaganda in Central Europe, but if the Germans themselves read enough of this propaganda they may in the end convince themselves that the risk is well worth taking. In this way, M. Flandin's personal ambitions are a real menace to peace.

ALEXANDER WERTH

A LONDON DIARY

SOME months ago I started to attend the lecture course for air-wardens. We learnt much about different kinds of gases, particularly about a gas called B.B.C., which makes you cry a lot. Apart from light relief of this sort the whole thing was really nothing short of absurd to anyone who had anything to do with mustard-gas patients in the last war and who knows, to crown it all, that gas has ceased to be the serious side of aerial warfare. What the new kind of bombardment is really like I learned from John Langdon-Davies, who took the opportunity when he was recently in Spain to make a careful inquiry into the effects on the population of the forty-eight hours last March when aeroplanes from Majorca systematically set to work to destroy morale in Barcelona. I gather that the "technique of Silent Approach," as he calls it, very nearly paralysed the life of the city. He has written the story in a half-crown book, called *Air Raid*, which is to be published by Messrs. Routledge in a week's time. I have had the opportunity of reading it. It is one of the best pamphlets I've ever read, and it is certain to start a hot controversy. Amongst other things it raises the question of the utility of public air-raid shelters. According to Langdon-Davies the first intimation of the raids in Barcelona (which he regards as experiments) was the arrival of the bombs, the sirens followed, and the anti-aircraft then began and continued long after the aeroplanes had gone. He doubts if anyone even got to a shelter until the danger was over. The number killed was not great; the worst effects were general nervous paralysis caused by noise and suspense.

* * *

In some quarters Winston Churchill is still spoken of as the possible leader of a democratic Left coalition to oust Chamberlain. Anyone who favours this view should read the series of speeches which he has just published under the title *Arms and the Covenant* (Harrap, 18s.). Undoubtedly they show an understanding of the German danger earlier in time and more logical in analysis than that of any other Conservative statesman. But there is no sign here of any "conversion"

to League principles. Winston is still the master of *the Realpolitik of the Nation-State;* on the chessboard of international diplomacy he moves the major and the minor Powers in an effort to protect his British King from a sudden onslaught, and the League for him is merely a new combination in the old game. Provided that you accept the traditional rules, he is right all the time. That is why I imagine Sir Walter Citrine and Mr. Jimmy Walker (to judge by his Bournemouth speech) agree with all his conclusions. If they do it is because they too have failed to realise that National Socialism is not simply the old Germany rearmed, that Hitler is not a reincarnation of William II, and that British capitalism in 1938 no longer has the simple imperial interests of 1914, but is conscious of a unity of interest even with its international rivals when capitalism is challenged by the common people. In this analysis Winston's *Realpolitik* is romantic nationalism, while Mr. Chamberlain's passive obedience to the dictators is partly the result of a subconscious fear of rising democracy here as well as in Germany and Italy. People who accuse him of weakness, indecision or cowardice are mistaken. He is, on the contrary, pretty tough, as a Prime Minister must be who gets rid of a popular Foreign Secretary, dispenses with the advice of the Foreign Office, and disregards the whole tradition of the British people. He has a policy of his own—to keep on the side of the Fascist dictators as long as possible, because he prefers their alliance to the alternative risks. Hence the praise he receives in the German press, the belief in Italy that Britain will soon grant Mussolini a loan and the title of " Chamberlains " given to aeroplanes that drop bombs on Barcelona.

* * *

I have a friend who has been for many years a prominent pillar of the Conservative Party. He has changed his politics and become an ardent democrat and at least a bit of a Socialist as a result of contact with the urban district of Dagenham. He is much more excited about the coming transformation of Dagenham into a Municipal Borough than I think he can ever have been about any Tory victory at the polls. The reason? That he has seen democracy at work, a local council largely in the hands of working people—railwaymen, clerks, fitters, painters and building operatives and housewives—planning and transforming their own environment for the well-being and happiness of ordinary people. They have had a big job because the population of Dagenham, which was only 9,000 in 1921, is 105,000 now, the bulk of the Becontree Housing Estate—one of the biggest housing experiments in Europe—fallen in Dagenham. When you mention Dagenham to the average Londoner he thinks of Ford's works. But I have never heard my friend mention them; he talks of the excitement of seeing this new population supplied with up-to-date schools, ante-natal and child welfare clinics, swimming baths, parks, a first-class public library and all the rest of it. Talking to this once complacent Tory about Dagenham you find yourself in the presence of the sort of enthusiasm one meets in people who have just seen the U.S.S.R. in construction. Dagenham's Charter is, in his eyes, the climax of a romance, and none the less romantic because it is a story of winning a medal for the best kind of sewage works, the erection of public conveniences and a refuse destructor and salvage disposal plant.

* * *

People who are interested in the institution of monarchy should read in *The Modern Quarterly* an article by J. B. S. Haldane on " Blood Royal: A Study of Haemophilia in the Royal Families of Europe." The disease is not so rare as most people think. Probably one male baby born in every fifty thousand is haemophilic; and between thirty-five and seventy haemophilics are alive in Greater London to-day. The popular notion, therefore, that its incidence is confined to royalty is false—so also is the idea which not unnaturally follows, that it is somehow caused by inbreeding. But if you study the facts about haemophilia in the royal families of Europe, as Haldane has done, some interesting things emerge. First there is this fact: the disease, broadly speaking, occurs only in men but is transmitted by women. While many of Queen Victoria's descendants have been " bleeders," none of her ancestors on her mother's side have been, so far as can be traced. Therefore the mutation which originally causes the disease—it tends in time to extinguish itself by natural selection, as haemophilics tend either to die young or not to breed—must in this case have occurred in the person of Edward, Duke of Kent, Queen Victoria's father. Thus something (i.e. a mutation) which could not have been observed as it was taking place, even under the most powerful of modern microscopes, and which, so far as the scientists can now see, is a sheer accident, had ultimately a profound effect on European history, contributing largely to the overthrow of the Romanoff dynasty in Russia and the Bourbons in Spain. (No one there can have felt very great enthusiasm for the monarchy when it was known that the King's two eldest sons were haemophilics.) Incidentally, it seems that the story of Rasputin's being able to stop the Tsarevitch's bleeding by hypnosis—and so gaining great influence at court—has possible

Drawn by ARTHUR WRAGG

scientific foundation. The second interesting thing is this: both the Tsarevitch and the Prince of Asturias, with many other less important royalties, inherited the disease originally from Queen Victoria. She was the transmitter-in-chief. Only one of her own sons was haemophilic. Therefore none of the descendants of Edward VII can have haemophilic children unless they marry into a haemophilic family. But when Prince Leopold was born in 1853 the facts about the heredity of the disease had been understood for at least thirty years. All his sisters, the Queen's daughters, should therefore have been known to be liable to be transmitters of haemophilia.

* * *

Here are two new "underground" stories. About to review his troops before battle, General Franco had a brain-wave. Seizing a megaphone he leaped on to his horse and bellowed "Anybody here speak Spanish?"

Hitler was to inspect a lunatic asylum. The inmates were carefully coached. As Hitler walked down the line each lunatic gave the Nazi salute and shouted "Heil, Hitler!" But the last man stood stolidly at attention. "Why don't you salute me?" shouted Hitler. "Your Excellency is making a mistake," came the polite reply, "*I* am the keeper."

* * *

This is a true story. "X" has an aunt who lives alone with a cat in a London suburb. He began talking to her the other day about air-raids. She said: "Well, my dear, one thing I am quite sure about is that I shall never wear a gas-mask. I would never on any account frighten Tibby."

CRITIC

THIS ENGLAND

Our prize of 5/- for the contribution at the head of the column goes this week to Ian R. Hyde.

All cuttings should be addressed to "This England," 10 Great Turnstile, High Holborn, W.C.1.

Extracts should not be sent without their context. The article or passage should be sent in full with the proposed excerpt marked.

Drought is blamed for the present position, but one member of the Board said it was partly due to wastage. "Working people," he said, "should have one bath a fortnight instead of one a week while the emergency exists."—*Daily Mirror*

ANTI-GOD CONFERENCE

All Christendom should rise up in its might and demand that the above conference be forbidden by the authorities. If this diabolical conference is permitted it might easily result in Divine guidance being withdrawn from the national affairs. It might easily be the cause of the disintegration of the Empire.—Letter in *Daily Record and Mail.*

When the Central Council of the National Union of Conservative and Unionist Associations meet on Thursday there will be a proposal that the War Office should be re-named the "Army Department"—to avoid the official use of the word "war."—*Bournemouth Daily Echo.*

A display of acrobatic and tap-dancing by children wearing gas masks was given last night in the front garden of the A.R.P. Shop at Nether Edge, Sheffield.—*Sheffield Telegraph.*

What most strikes people on meeting the Prime Minister for the first time is that he is human.—Sir Charles Petrie in *Windsor Magazine.*

This will go down to history as the Age of Sport. Nothing else in the world seems to matter. I have even heard it contended that success in the Walker Cup played an indirect part in encouraging our eleven cricketers to make so many runs against Australia. Carry the argument to its extreme, they are even saying that it is partly responsible for the sudden demand in the newspapers to take old-fashioned methods with the gentlemen who are bombing so-called British ships.—Article in *Tatler.*

With the exception of the Thames Cup and the Diamond Sculls we have no foreign competition this year and this to the English oarsman enhances the charm of the coming regatta.—*Daily Telegraph.*

NEW HOMES FOR JEWS

[In this Article a Well-known Zionist Discusses the Difficulties of Solving the Jewish Problem by Finding new Places of National Settlement.]

THE Inter-Governmental Conference on refugees that will open next week at Evian has been called into being largely in consequence of the increasing pressure that is being exercised by the German Government to compel its Jews to go into exile. The methods of intimidation and terrorism that the Nazi authorities are now applying are so barbarous that—prodded by President Roosevelt—even the jaded "conscience of the civilised world" is being stirred. But the Jews of Germany and Austria only form part of a still larger problem that has been under discussion for some years, although their plight calls for the most urgent attention.

The Governments of various countries in Eastern and South-Eastern Europe are also anxious to find new homes for Jews. They are, of course, fully aware of the National Home in Palestine, where one of the duties of the Mandatory Power is to facilitate Jewish immigration, but in their view, which is shared by the Jews themselves, the rate of admission into the Promised Land is much too slow and restricted. They wish to organise a larger and quicker exodus from their respective territories, because they believe that only in mass emigration can their Jewish problems be solved. Such is the official policy, repeatedly and emphatically expressed, of the Polish Government, which has three and a quarter million Jews, who form a tenth of Poland's population. Such is also the attitude of the Rumanian Government, even after the inglorious collapse of the Goga Cabinet, which threatened to expel half a million Jews. The policy of these two countries is at least more circumspect and deliberate than that of Nazi Germany, which got rid of 135,000 Jews (and 15,000 non-Jews) within five years without troubling about their destination, and now wishes to expel or otherwise liquidate the greater part of the rest as well as nearly 200,000 Jews from Austria.

Before the war, and for a few years after the peace, when the United States and other overseas countries were open without restriction to immigration, there was a vast and continuous exodus of Jews from Central and Eastern Europe owing to persecution and distress. Between 1881 and 1925 a total of 3,650,000 Jews were transplanted from Eastern Europe to overseas countries and Western Europe. In the two years 1905–7 the number of Jews who entered the United States was over 300,000, and in the years 1920–21 there were nearly 120,000. But from the year 1924 the United States and most of the other countries restricted immigration to comparatively small quotas, with the result that the tide of migration was reduced to about half of its previous volume.

In Poland the widespread distress almost beggars description. One-third of the Jewish population are on the verge of starvation, another third eke out a bare existence, and the rest have little but the barest comfort. They are the victims of a form of "economic nationalism" which treats them as second-class nationals. They have been driven out of the State monopolies and refused credit by the Government banks. In Warsaw there are over 350,000 Jews, over 30 per cent. of the population, but they do not provide even 2 per cent. of the municipality's employees. There is a ruthless boycott of Jewish traders, conducted by the authorities; organised attacks, involving losses of lives and property, are the order of the day; and Jew-baiting is rampant in the Universities.

The evil influence of Nazi Germany in intensifying the oppression is shamelessly admitted. "Germany's success," wrote the *Gazeta Warszawska* (April 19th, 1935), "teaches us in Poland to adopt the same policy, which will force the Jews to organise their own mass emigration. We can do that only by making the Jews realise once and for all that there will be no stopping until not a single Jew is left in Poland." In a recent debate on the Foreign Office Budget in the Polish Parliament, the rapporteur, M. Walewski, stated that in

the ten years 1926–36 there was an annual average emigration of 18,000 Jews, which formed 60 per cent. of the natural increase of the Jewish population. (The natural increase is probably nearer 40,000.) He, however, demanded a yearly emigration of at least 100,000 Jews and estimated the number of those who should be made to leave at one million. The Minister of Labour, M. Koscialkowski (a former Prime Minister) pointed out that whereas in 1935 about 35,000 Jews went to Palestine, the number in 1937 was barely 3,000, and he therefore contended that Palestine could not be considered a solution of the Jewish question. That is why the Government attaches so much importance to the possibility of a large exodus to Madagascar, about which there have been official discussions with the French Government.

The Polish mission that visited Madagascar last summer to investigate the practicability of the settlement of both Jews and non-Jews returned with divided views. Major Lepecki, the head of the mission, reported that about 30,000 persons could be settled on an elevated plateau, while the two Jewish members expressed themselves in less optimistic terms. They pointed out that roads and railways would have to be built to connect the district with the nearest harbour, and that the swamps would have to be drained and the malaria suppressed before any colonisation could be begun. A more difficult job would be the selection of Jewish townsfolk capable of pioneering work in a tropical climate, who would be without the incentive of idealism that has worked such wonders in Palestine; and most difficult would be the creation of an organisation with a powerful financial backing, for money could not be expected either from the Polish or the French Government. The project has already been condemned by a former Governor-General of Madagascar, M. Marcel Olivier, who, in an article published in *L'Illustration*, declares that there are no prospects for the settlement of Europeans on the island. as the only European agriculturists who had tried to settle there were decimated by diseases.

The Jews of Poland have not displayed any enthusiasm for the scheme. On the contrary, they strongly object to the attitude of the Government in proclaiming their "evacuation" as the only method of solving the Jewish problem, not only because it questions their right to live in their native country, towards whose economic development they have contributed so largely, but also because it provides an excuse for the agitation of the anti-Semitic parties to drive them out. They rightly maintain that the primary duty of the Government is to normalise conditions, to abandon the discrimination against them exercised in every branch of economic activity, and to facilitate their engaging in productive occupations. They expect, even if they do not explicitly demand, that the Polish Government shall faithfully carry out the obligations of the Minorities Treaty, which it signed as a fundamental condition of Poland's restoration to independence, and the sanctity of which it reaffirmed in 1933 when it repudiated the right of the League to watch over its observance of them.

The problem is less acute in Rumania, especially after the fiasco of the Goga regime, for during the last ten years the total Jewish emigration has been only 22,000, a little less than one-eighth of the departures from Poland. If the Government of the Patriarch should indeed, as the Goga Cabinet suggested, "co-operate with other countries who have large Jewish populations in order to find new homes for them," it will soon discover the immense difficulties of such a quest. Both Poland and Rumania can find a striking example of the difficulties in the State organisation of Jewish emigration in the case of the Republic of Birobidjan. This is a large undeveloped region between the Trans-Siberian Railway and the River Amur, 5,000 miles from Moscow, where the Soviet Government planned to create a Jewish settlement. The scheme was conceived as a counter-attraction to the National Home in Palestine (for Zionism is severely proscribed in Soviet Russia as "an agency of British Imperialism"), and was rendered alluring by the offer of national autonomy; but although the most energetic recruiting for settlers has been carried on during the past ten years, and a vast sum of money (partly contributed by foreign sympathisers) has been spent on it, Birobidjan even now cannot boast of more than about 18,000 Jews.

Signor Mussolini, who has proclaimed himself in favour of a Jewish State anywhere but in Palestine, will doubtless scorn to draw a moral from the mirage of Birobidjan. Until recently he had expressed strong sympathy with Jewish aspirations in Palestine and given a cordial welcome to Zionist leaders, but his views have apparently been affected by the situation in the Mediterranean and the necessity of finding settlers with capital for Abyssinia. It has also been suggested that he may propose to offer the Jews a settlement in Libya. Ten years before the war, when the re-establishment of the Jews in Palestine seemed hopeless, the Zionist Congress rejected the British Government's offer of a territory in East Africa, under a Jewish Governor, because it was not Zion. After nearly twenty years of achievement and sacrifice in Palestine, culminating in the offer of a Jewish State, the Jews will naturally want to see the promise of Palestine realised before being willing to consider an additional national settlement elsewhere.

Of all the homes that have been proposed for masses of Jews, whether Angola and Cyrenaica before the war, or Madagascar, Abyssinia, Ecuador and Northern Australia, in recent years, none can compare either in potency of appeal or practicability with Palestine. Before the war this little country received only 2 per cent. of Jewish emigration from Central and Eastern Europe, while the United States absorbed 85 per cent. Now the United States receives only 6 per cent. and Palestine welcomes over 70 per cent. A more hospitable attitude on the part of the States in both North and South America would undoubtedly help to ameliorate the appalling situation of the Jews on the Continent, and such an improvement may perhaps be the outcome of the Evian Conference. But what can and should be done without delay, in my opinion, is to allow an increased influx into Palestine, by terminating unjustifiable restrictions, and restoring the former principle, sanctioned by the League, of the economic absorptive capacity.

The problem of the Jews in Germany and Austria, to which the Conference will probably give preferential consideration, is encumbered by the fact that the German Government persists in despoiling them of their possessions before letting them go. It is impossible for the Jewish philanthropic organisations, which have already raised vast sums for their benefit, to raise the still larger amounts that would be necessary to make good even a fraction of the wealth threatened with confiscation. The Conference will presumably be anxious to help as many Jews and other "non-Aryans" as possible to escape from a land that is being converted for them into an inferno, since those who cannot leave, and who will be deprived of all means of existence, will simply be used for slave-labour. It is therefore to be hoped that the Governments taking part in the Conference will, in addition to displaying an adequate measure of generosity in the admittance of refugees to their respective territories, also be able to bring sufficient collective pressure upon the German Government to permit the hosts of enforced exiles to take a good part of their possessions with them.

ISRAEL COHEN

PROVOKING

APPARENTLY, Mr. C. B. Fry's reference to the Australian cricket team as "these South Sea Islanders" has made a good many Australians—though probably not the cricketers themselves—angry. Australians are apt to forget that Englishmen know very little of geography, especially of the geography of the British Empire: it was a pretty good guess on Mr. Fry's part to put Australia south of the Equator. It may be replied that Mr. Fry is a scholar as well as an athlete, but in England even scholars are as shaky in their geography as they have recently been shown to be in their spelling. An alternative explanation is, of course, that Mr. Fry was joking. Possibly, he knew perfectly well that O'Reilly is not a South Sea Island

name, and that the clan M'Cormick originated much nearer home than Tahiti. You could tell, too, by Bradman's tireless activity on the field that he is none of your romantic languorous Polynesians. The truth is, no one would think the South Sea Islands worth going to if the South Sea Islanders bustled about in the heat of the day like these Australians. Hence, I suppose, it was because Australians are the very opposite of South Sea Islanders that Mr. Fry thought it was safe to make his joke. It is never safe to make a joke in this world, however. We have become sensitive. Probably, we always were.

Nations, I fancy, are more easily provoked than individual human beings. I have known human beings named "Beef," "Snuffy," "Baldy," "Fatty," and "Philosopher," and they all responded to their names genially as to terms of affection. If you referred to a French football team as the "froggies," however, I imagine they would resent it. I do not see why, since Frenchmen do eat frogs and regard them as a delicacy. I have heard even English gourmets commending frogs' legs enthusiastically as more delicious than the breast of chicken. We do not like to be laughed at, however, even for our good taste. We suspect ridicule in the laughter, and we are therefore provoked by it. We forget that the inhabitants of one country are always a little ridiculous to the inhabitants of another, and that we ourselves must be objects of ridicule to all the peoples of the earth except our own.

It is not only jocular names that give provocation, however. Even names, used quite seriously and in the friendliest fashion, may cause offence. Thus you must be careful not to call a Canadian or an Australian a "colonial." As there is no alternative word to denote an inhabitant of one of the self-governing Dominions, Englishmen often innocently do so and are surprised when they are corrected. To the ordinary non-political Englishman a colony and a Dominion are much the same thing; to the Canadian and Australian, however, "colony" implies dependence, whereas "Dominion" implies independence. Hence, to call a Dominionite—odious invention!—a "colonial" is an offence against national pride. It is like calling an Irishman "British." There are Irishmen who object even to the use of the historic name "British Isles" to describe Great Britain and Ireland and the Isle of Man. Robert Louis Stevenson had as strong an objection to seeing Scotland degraded into "North Britain," or "N.B.," in the addresses on envelopes. We are certainly a touchy lot, we human beings. There are Canadians, I have been told, who would like to forbid you to call the United States of America "America" or its citizens "Americans." The trouble is that, just as the English language contains no word to describe the inhabitants of the British Dominions beyond the Seas as a whole, so it does not contain a word that describes an inhabitant of the United States of America. Englishmen in their innocence used to call him a "Yankee," but, as regards many Americans, this was found to be very offensive indeed.

It is not only, however, by using jocular names or tactlessly wrong names that one gives offence nowadays. It has become almost impossible to speak of any other nation except in terms of the grossest flattery without causing provocation. We have reached a point at which it is regarded as provoking to speak the truth about any other country except one's own. Some of the most highly placed men in Germany, for example, have recently denounced the English press on the ground that its reports on German affairs have been provocative. It is evident that, if you do not wish to provoke Germany to-day, you must say, not only that National Socialism forbids Jews to sit in the ordinary seats in public places, but that it is a triumph of civilisation to have forbidden Jews to sit on benches that should be reserved for Nordics. It may even be provocative to describe how German officers on certain occasions rescued Jews in Vienna from brutal assaults by Nazi free-lances, for the brutalities of Nazi free-lances should not be reported. The Germans have reached a stage, indeed, at which both impartial reporting and criticism are offences. They do not permit them in their own country, and they are quite sincere in not being able to understand why they should be permitted abroad. They claim Germany's right to a German way of doing things, but deny England's right to an English way of doing things—which includes freedom to criticise men in power and to make fun of them, if so inclined, within the limits of the law of libel. The leaders of Germany say that the English way of doing things is very provoking. Even Mr. Neville Chamberlain finds it at times a little provoking. In the last resort, however, Englishmen usually admit that their fellow-countrymen are entitled to provoke them within reasonable limits. Democracy is based on the right of mutual provocation. This is known as the party system and works less badly than any other.

The Germans, however, cannot understand why they should be provoked, and they are very easily provoked. They declared the other day that Czechoslovakia was provoking them by assembling a certain number of troops on her border. Now, if it were conceivable that Czechoslovakia meditated an invasion and conquest of Germany, the indignation of the Germans would be intelligible enough, but the German sense of reality ought to tell them that an unprovoked Czechoslovakian attack is about as unlikely as an unprovoked attack by the Swiss navy. Knowing this full well, however, the Germans prefer to be provoked, as Aesop's wolf was provoked by the lamb. The truth is, all through history nations have been more easily provoked by nations weaker than themselves than by nations stronger than themselves. There is no greater provocation than for a nation to be weak or to appear to be weak.

I read very little history, but I never read it without being astonished at the readiness of nations to allow themselves to be provoked. Was not England once provoked into war by France by a jest about tennis-balls? Then there was a war with somebody about somebody called Jenkins's ear. After that, somebody threw some tea into some harbour or other, and this was thought to be provoking enough to justify yet another war. The Marxists, I have been told, have attempted to dignify history by maintaining that there is always an economic reason for war, and that the people who begin the war are clever business-men who only pretend to be provoked in order to work on the emotions of their ignorant followers. I doubt this explanation. Pugnacious people thoroughly enjoy being provoked. Consider the servants of the Montagues and Capulets.

It was thought for a time after the war that the League of Nations would provide a cooling-room to which provoked nations could resort in order to be restored to a normal temperature. For the time being, however, that dream has fallen through, and, except in the democratic countries, the old game of being provoked is once more in full swing. Japan has been horribly provoked by China: what could be more provoking than to have an apparently helpless neighbour! Signor Mussolini scarcely knows whom he is most provoked by—whether Germany or France or Spain or England—but he is clearly provoked by somebody. Germany is provoked by nearly everybody, and Australia is provoked by Mr. C. B. Fry. I cannot help thinking that it would be more sensible to have a cooling-room for all this sort of thing at the headquarters of the League of Nations. After all, it is a law of life that other people should be provoking. It is also certain that we should all be a great deal happier if we did not allow ourselves to be provoked. But, you reply, the feeling of being provoked is itself a source of intense pleasure. I agree. That will always be the real difficulty. Y. Y.

HOARDERS OF THE ANIMAL WORLD

AMONGST the many popular slogans born of our times, the admonition to "Store more food" is one of the most insistent. That the exercise of thrift has its advantages was abundantly proved during the World War, when economic conditions, far more than resources in lethal weapons, swayed the destinies of the nations involved.

The very human instinct to put by for lean times to come has its counterparts—like most other human impulses, in the lower animals. The simplest form of food hoarding is carried out unconsciously, by the accumulation of fat. Fat represents thrift reduced to its lowest denominator. Generally fat is stored throughout an animal's system, between its muscles, in its "marrow bones" and other repositories. Some animals have become famous for this—to their undoing. The whale's vast reserves of fat have caused it to be hunted almost to extinction, whilst the young of the famous "oil bird" or guacharo, of certain caves in tropic America, is likewise fast being eliminated, so greatly is the adipose flesh of the fledgelings prized by the natives for cooking and lighting purposes. Sometimes fat is accumulated in special areas, as in the camel's hump, the tails of some desert mice, the heloderm lizard of Arizona, or the famous fat-tailed sheep, the last an eastern product whose abnormally developed tail is deliberately encouraged—by artificial selection—in order to satisfy the oriental love of oleaginous dishes.

The calculated storage of food reserves is seen at its highest development perhaps in the rodents, an extraordinarily high percentage of this widely distributed order of mammals being addicted to hoarding. The squirrel and beaver are both classic examples of thrift, but scores of less well-known species of rodents are scarcely less gifted with an eye to the future. More than half a bushel of cherry stones have been found in the burrow of the common field mouse, and even larger accumulations of nuts in the holes of the American gopher. The little gophers have enormous pouches, and fill these to such capacity that when unloading the contents at the "dump" they have to be forced out at the mouth by squeezing the cheeks with the fists.

A curious development of this instinct to accumulate food reserves is its frequent extension to quite useless articles. Thus Darwin, in his *Voyage of the Beagle*, describes how a trapper or cowboy of the Argentine plains, having lost a pistol, whip or other piece of portable property, would automatically make for the nearest viscachari, where it would nearly always be forthcoming. A viscachari is a colony or warren of viscachas, small burrowing rodents not unlike guinea pigs, which live normally on roots and seeds but presumably suffer from a form of "collectors' mania." This ailment, common in our own kind, reaches almost human extravagance in the brown rat, and its domestic form, the white rat. Instances have been recorded of "treasure trove" in the form of coins, jewellery, lost legacies, etc., being unearthed amongst the less savoury litter of a rat's retreat. Brightly coloured objects have an unfailing fascination for the rat, and it will be noted that if a handful of loose coins is placed before a pet rat, the newest and brightest pieces of silver will at once find favour.

The dog's habit of burying bones has the same motive behind it, but, apart from this, hoarding may be regarded as a rodent monopoly, so far as the mammals are concerned. One notable exception is the wolverine or glutton, a big fur-bearing weasel-like mammal of the Arctic circle. The glutton, which well justifies its name, seems to entertain a craving for the possession of objects, the most cursory inspection of which would quickly show their inedibility. Mortimer Batten recalls how once when on a Canadian ranch he met with the case of a glutton that had hidden hundreds of cartridges beneath the floor of a hut.

The very human apes and monkeys are amongst the most thriftless and wasteful of all animals, indeed, and I recall only one instance of a monkey hoarding anything. This was a small green monkey, a pet of the late Cecil Aldin's, and a favourite with that artist's retinue of dogs. The monkey in question had a passion for collecting the milk teeth shed by puppies, and secreted a large number of these treasures in a quiet corner, to which he would repair and gloat over his hoard, like a miser counting his gold.

Hoarding amongst birds would seem to be confined almost entirely to the crow family. The raven as a hoarder has been made famous by Charles Dickens in *Barnaby Rudge*, and the jackdaw is similarly enshrined in the Ingoldsby Legends. Even more remarkable than the efforts of these selfish hoarders are the communistic collections of the Australian bower birds that utilise feathers, shells, etc., wherewith to decorate their bowers. In all instances a certain aesthetic prompting would seem to be at work. Economic hoarding amongst birds is the sole prerogative of the shrikes or butcher birds. These form a numerous and cosmopolitan assemblage, nearly all the members being remarkable for their habit of keeping a somewhat gruesome larder. The smaller and weaker species of shrike impale spiders and insects upon thorn bushes, helping themselves to a snack from these dainties whenever they feel the urge. The larger shrikes similarly store frogs, lizards and even birds and small mammals. Several species have been recorded in this country as summer visitors.

Food hoarders are apparently unknown amongst fish or reptiles, but plentiful as regards various invertebrate creatures. All have seen the spiders' ogreish larder, each item neatly rolled up in silk, and suspended from a convenient strand of the web, there to await its captor's return of appetite.

The famous coco-nut or robber crab of the coral islands stores the nuts on which it feeds in the depths of its burrow, and, like the raven and rat, seems to have aspirations beyond mere edibles. Many travellers have testified to this crab's extraordinary penchant for purloining small articles, even entering bungalows and decamping with such objects as teaspoons and shaving brushes.

Food storage perhaps reaches its highest—or, at least, most complex expression—amongst some of the social insects. No mammal, for instance, can show any analogy to the tropic honey-pot ants, amongst which highly specialised individuals are used as living honey jars, their abdomens being filled with nectar until this portion of the ant is as big as a pea. The living honey jar regurgitates "to order" for the refreshment of tired workers. Even more remarkable are the leaf cutter ants who use leaf cuttings as forcing beds on which to grow edible fungi which they carefully tend. The butcher bird's larder seems clumsy beside that of many a wasp, wherein the victims are "kept fresh" by judicious injections of poisons, which are insufficient to kill but enough to paralyse and thus prevent escape.

The Barrier Reef expedition organised a few years ago discovered a unique feature, hitherto unsuspected, in connection with the giant clam, which may measure a yard in length. Such a mollusc could scarcely hope to inhale a sufficiency of the microscopic plants which are the staple of a normal bivalve's diet. It transpired, however, that certain areas of the mammoth clam's body harbour great numbers of diatoms, or minute plants, which continue to multiply, so that should the normal supply of food in the surrounding water fall below the clam's standard of a full meal it can fall back upon reserves "grown on the premises" and so maintain life until the return of more prosperous times.

E. G. BOULENGER

CAVES

"Royal Air Force bombers are not employed on the N.W. Frontier or elsewhere for the purpose of attacking the civil population. . . . I do not think there can be any difficulty in the inhabitants of these places finding refuge . . . there are numerous caves in the vicinity." —Prime Minister, June 16th.

WHEN British bombers go out to bomb,
Some frenzied fakir's redoubt to bomb,
They warn the tribes they're about to bomb
To take to the caves at hand,
And not till tribesmen have found the caves
They blast and batter and pound the caves
And wreck the landscape around the caves
By way of a reprimand.

There are caves throughout the North West Frontier,
A hitherto unsuppressed frontier,
And South Arabia's test frontier

Has caves for every beast and man.
There are excellent caves in the Hadramaut,
(Which Arabs appear so mad about
And Britain would feel so sad without)
And plenty in Waziristan.

No raid humane need destroy goodwill,
If bombed and bombers employ goodwill,
And every Power will enjoy goodwill
When our method is used by all.
There are refuge-caverns Arabian
Commodious caves in Waziristan
And through the Air Raid Precautions Plan
There are numerous caves in Whitehall.

SAGITTARIUS

Correspondence

NATIONAL LEADERSHIP

SIR,—Mr. George Ridley's letter in your current issue emphasises more than ever the problem of national leadership raised in your original article. To an expression of genuine concern which is present in thousands of minds, he has no other retort than to declare that such concern is the product of Bloomsbury armchairs and that all is well with the Labour Party. The real question of democratic leadership is left unanswered.

If the Labour Party is to play its part in the development of our democracy, its leadership must have clearly defined principles, widely understood and based upon the recognition of the common rights of man to life, liberty and the full fruits of his labour. I ask Mr. Ridley are we getting that leadership to-day?

Mr. Ridley points to the printed programme. These have been carried by mechanical majorities at Party conferences and are valueless unless they are an expression of that invincible spirit found in all great causes. Such a spirit is the unifying force which is its own authority. When, however, a leadership comes to rely on disciplinary authority combined with threats of expulsion we have a symptom that the invincible spirit has gone and the leadership depends not on the democratic principle of leadership by consent but on the undemocratic principle of leadership by force. It is this leadership of force which represents the challenge of our times and such a leadership has no contribution to make in the development of a new democratic age.

In his position of great responsibility as a leader and with his long record of sincere and devoted service to the Party, I ask Mr. Ridley to understand the portents of our times and not to be too ready to accept the easy and complacent attitude which his letter betrays.

BEN GREENE

The Hall Cottage, Berkhamsted.

FOR A LABOUR CONFERENCE

SIR,—In a letter sent out over our signatures a month ago the Labour Spain Committee invited Labour parties to request the National Executive to call an emergency conference on Spain. The response has been astonishing. If we include a large number of signatures collected somewhat earlier by the Swindon party, a total of 175 divisional and borough parties have petitioned the Executive in this sense. The feeling is general that in a year of danger and perplexity the Party ought not to go from October, 1937, to Whitsun, 1939, without a conference.

Spain is the battlefield on which Europe may win or lose its liberties for a generation. The Parliamentary Party struggles manfully in a hostile House, but more than has yet been attempted might be devised to back its efforts in the country. We have our own suggestions (as others, doubtless, have) as to what might be done by tactics of non-co-operation to hasten the fall of a Government that loads the scales in favour of Fascism. Ways might be devised to break the one-sided ban that disarms and blockades the Republic. Without proposing anything that resembled a political alliance, we might consider co-operation with other parties on the Spanish issue. Beyond it there faces us the prospect of closer relations with the two Fascist Powers, while the Soviet Union is thrust outside this new Concert of Europe and the League superseded. To us it seems natural and necessary that in such a crisis our leaders should meet the rank and file for consultation. Even if no change in tactics or methods should result, the Party would feel surer of itself and better able to use all its formidable means of action.

In the hope of securing from the Executive, before the holidays suspend political activity, an undertaking to call such a conference, we beg divisional and borough parties that have not yet done so to authorise the Labour Spain Committee to add their names to the long list of those who back this request.

24 Lupton Street, N.W.5.

H. N. BRAILSFORD, Chairman.
J. POLE, Hon. Secretary.

THE WAKAMBA

SIR,—Mr. Kenyatta's letter in your issue of June 25th omits certain facts which should be made known to English readers who are asked to form an opinion on the Wakamba question.

It has been established beyond all question that the Wakamba are in danger of losing their means of existence because the excessive numbers of live stock they are trying to maintain are destroying the grazings and turning them into desert. As long ago as 1929, it was reported to the Kenya Agricultural Commission, over which I had the honour to preside, that the Kamba reserve contained 190,000 cattle with 57,000 calves, together with sheep and goats, though its grazing capacity was estimated at no more than 60,000 head. In consequence, over thousands of acres the land had been stripped of all vegetation and denuded of its surface soil; what had been grazing ground within living memory had become hard, gaunt, red and yellow desert.

Mr. Kenyatta also ignores the fact that these live stock are of little use to the Wakamba, who neither drink their milk nor eat their meat, and indeed only sell under pressure. Cattle, and to a less degree sheep and goats, are tokens of wealth and position; they count as money, still more perhaps they are members of the family—the poor relations of the tribe. That latterly they have increased so enormously has been due to the cessation of raiding with the Pax Britannica; they might continue to be treated as harmless luxuries had they not become a menace to the life of the tribe. Soil erosion is now the critical problem not only for the Wakamba but for nearly every tribe in East Africa; all Governments are engaged in measures to check overstocking, destruction of forests and the wasteful effects of shifting cultivation.

Mr. Kenyatta repeats the cry raised by every tribe for "more land," but there is no more land available and if it could be found it would only be destroyed in its turn. Now that the African tribes can increase in numbers they have to learn to use their land as other people have learned to use land—in such a fashion that it will yield food under continuous cultivation.

The Meat Factory has been set up as the only means of obtaining any sort of price for the kind of live stock that has to be culled from the Kamba and other native reserves. Ill-bred and starved, riddled by disease, the animals are little more than skin and bone and can be converted only into manure; later, when the reduction in numbers allows the remainder to obtain decent grazing there will be an output of meat. As to the profits this "wealthy concern" may be making, I only know that though the need for a meat factory has long been recognised it has taken the Colonial Office some years to induce any firm to take up such a venture. The Government of Kenya is only too conscious of the danger of interfering with native cattle; nothing but the imperative necessity of saving the tribes from the consequences of overstocking would have induced it thus to invite trouble. The chiefs themselves will not act; when discussing the question with me they asked for an order from the Government on the grounds that if they attempted to enforce reduction of live stock they would only provide an opportunity for some of the younger men to play upon popular discontent in order to secure leadership for themselves. Politics are politics, all the world over.

Mr. Kenyatta is an educated man and will have no difficulty in satisfying himself that the reduction of non-economic live stock is one of the most urgent necessities if the land of Africa is to remain capable of supporting its population. There are no alternatives to such a measure, though it conflicts with the customs, even with the religious traditions, of the Bantu tribes. It therefore needs all the good will and appeal to reason that can be brought to bear upon the common folk, and Mr. Kenyatta should be using what influence he possesses to make the action of the Kenya Government acceptable to the members of his neighbouring tribe, and to save them from the visibly nearing starvation.

The Athenaeum. A. D. HALL

CYCLISTS AND MOTORISTS

SIR,—I must protest against the paragraph in last week's NEW STATESMAN AND NATION which gives the impression that cyclists are the main offenders on the roads. Let us take the Ministry of Transport figures for 1935. (If more recent analysed figures are fully available they will show much the same position—for instance, this March shows a decrease in deaths among cyclists, whereas the figures for all other classes of road-users show increases on 1937.)

In 1935 there were 6,289 fatal accidents. Almost half the victims were pedestrians. 1,376 were cyclists, and 1,300 were drivers of motor vehicles—mainly motor cyclists.

Mechanically propelled vehicles were involved in more than 90 per cent. of the accidents—2,513 being private cars. The number of cyclists involved was 1,746.

If we take the number of cyclists as 10 millions (an estimate accepted by the Ministry), the number of motor drivers as 2,250,000 and that of motor cyclists as 500,000 (official figures) we see that the proportional likelihoods of being involved in fatal accidents are:

Motor cyclists	1 in 333
Motor drivers	1 in 424
Cyclists	1 in 5,727

As regards responsibility for accidents: drivers were blamed for 1,996 accidents (2,146 deaths); cyclists for 1,038 (1,041 deaths). Outside their own ranks cyclists were blamed for only 52 deaths.

Advocates of rear lights for cyclists will be interested in Sir Philip Game's report for 1936: He says, "It will be noticed . . . that collisions with the rear of a pedal cycle are comparatively few in number." Actually his tables show that collisions with the rear of other vehicles are twice as frequent in the London area.

In 1935 one cyclist in every 10 run down from behind in the dark was actually carrying a rear light. In view of the very small proportion of cyclists who do display a rear light at present, this does not suggest that rear lights are much protection. Apart from this any overtaking driver is responsible for the safety of the person in front.

As regards cycle-tracks, every argument put forward in their favour applies much more forcibly to motor cycles; yet no one hears such tracks advocated.

It is neither because of our vulnerability nor because we endanger others that some people would banish us. Their real complaint is against our numbers.

Most accidents are caused by drivers of motor vehicles, and excessive speed is officially recognised as their greatest fault. Does that not indicate that special highways for fast motor traffic are most likely to reduce the slaughter if we are reluctant to reduce speeds?

ALFRED D. FIRTH
11 Salcott Road, Beddington. (Cyclists Touring Club)

SIR,—I was staying recently in York, and made the acquaintance of a "Halt—Major road ahead" sign, which had not been at this particular cross-roads on my previous visit.

My host, who was driving with me, remarked that the police had been very active there during the previous week and had made a bag of over 200 motorists who had failed to stop.

Next day, I was driving in the same direction, and halted at the sign, and, in doing so, obscured the view for anything—on my left—rash enough to go ahead. Two cyclists, however, seemed to find nothing risky in taking the corner on my near side, without stopping. As I went on, I saw a policeman ready to pounce on me, had I neglected to obey the sign. He did not take any notice of the cyclists though.

I may say that I cover about 10,000 miles per annum, and am constantly brought face to face with this utter disregard for measures which are devised for the safety of pedestrians and cyclists, and it seems to me that, so long as the police have no definite policy on this question, the more vulnerable section of road-users will continue to provide the greater part of the monthly total of casualties on the roads.

Londoners who would care to verify the truth of my observation, will find plenty of evidence if they care to go, say, to the crossing of Oxford Street, by John Lewis's, where there are lights, or the one across Bond Street, in Brook Street, where there are not. In both places, they will observe that motors which have been allowed to proceed, either by the appearance of the green light, or the signal of the policeman on point duty, have to compete with pedestrians, crossing in their path, quite regardless of either kind of signal.

STANLEY HUGHES

MARXISM AND PAINTING

SIR,—Mr. Mortimer's two articles on the Tragic Painters' and Braque exhibitions show that he shares the bewilderment felt by so many artists to-day concerning the unsatisfactory position which they and their work have in relation to the public.

But why does Mr. Mortimer expect Marxism to answer his question as to why some artists are better than others in any given period? As he says, Marxists have only attempted to interpret the background which gives rise to certain forms of art. This is their job, but to explain why Vermeer is a better painter than Gerard Dou is not, and to expect such an explanation is to misunderstand the scope of Marxist philosophy. It is true, however, that Marxists do understand what the artist most needs: security during his long apprenticeship and during the development of his art. This he needs as much as does any other worker, and in Russia, he does enjoy both these conditions.

Mr. Mortimer says that Ingres was the last great painter to be officially recognised as such in his lifetime. The Spanish Government appointed Picasso Director of the Prado shortly after the Popular Front Government came to power in May, 1936.

I chose these points because they seem to show clearly that our best hope of lifting fine art out of the predicament in which it now finds itself is to look to the working class as our future public, and for artists to help the working-class movement forward to the best of their ability.

BETTY REA

[Mr. Mortimer writes: "I do *not* expect Marxism to explain why some artists are better than others in a given period. And it is just for this reason (as I explained) that I consider so much 'Marxian' art-criticism to be superficial and unenlightening."]

ANONYMITY

SIR,—Critic writes: "According to an excellent practice the actors' names are not given in the programme." Why?

Is it on behalf of justice, equality or democracy that the pleasure both of the players and of the audience should be interfered with?

Shall we soon on behalf of fair play and fair playing see performers in masks lest they should profit by some unearned capital of beauty? What steps can be taken to disguise voices?

Fortunately there is little risk of success for a campaign to put anonymity at the disposal of merit.

ELIZABETH BIBESCO
44 Bedford Square, W.C.1.

THE INTERNATIONAL BRIGADE

SIR,—*Fact* is compiling a history of the International Brigade based on eye witness accounts. I would be deeply grateful if those of your readers who have actual experiences, or letters written by members of the Brigade, would write to Stephen Spender, 11 Queen's Mansions, Brook Green, W.6. All material loaned will be carefully preserved and returned.

Fact, RAYMOND POSTGATE,
19 Garrick Street, London, W.C.2. General Editor

Miscellany

COUNTRY NOTES

GARDENS AND GARDENERS

GARDENS have behaved in an extraordinary way this year. Looking back upon my garden-diary, I find that on January 26th the blue primroses were in full flower, thus preceding their ordinary flowering period by about two months. Primroses, even the blue ones, have no right to start flowering in profusion until March or April. Then on March 9th I find a note saying "all primroses flowering in earnest," and towards the end of the month another note to the effect that the garden appears to have gone mad, and that the pink clematis montana is out in company with tulips, hyacinths, anemones, and even a few of the flag irises. By April 1st, we were eating asparagus from the open; by Easter I was picking roses. But there is no need to go on with the tale. Everyone knows that gardeners invariably say the season has been exceptional, only this year it happens to be true.

I find gardeners disconcerting people. Either they know infinitely more about the subject than I do, or else they know

infinitely less. Seldom do I encounter one with whom I can discuss our common topic on equal terms. The gardener who knows more is impossibly highbrow, and makes me feel as small as a board-school child trying to discuss mediaeval Latin literature with, say, Miss Helen Waddell; the gardener who knows less makes me feel as though an earnest culture enthusiast said "Do tell me something about *The Shropshire Lad;* it's a play, I know, but I've never seen it." This, by analogy, is what happens when somebody points to a delphinium and says, "How they have improved lupins recently, haven't they?" How should one reply? To correct the speaker sounds patronising; to pass over the slip in silence destroys the possibility of further comment.

National Parks

The love of the English for natural beauty in all forms is, however, one of their most endearing characteristics. I was talking to a lady, a stranger, not so very young either, who had cheerfully travelled a hundred miles by bus on a hot day in order to visit a garden thrown open to the public. Looking out of the bus windows as they drove along the country roads, she told me, had not been the least part of her enjoyment. It made me wonder, as I had often wondered before, what the English landscape had been like a hundred years ago, before the builders and the bungalow-dwellers had started to ruin it. Parts of Surrey, for example, before it became suburbanised, must have been remarkably beautiful. The corollary to this reflection was to wonder still more what the English landscape would be like a hundred years hence, and the picture evoked was so appalling in its possibilities that I staggered, for the rapidity and efficiency with which building societies and their clients are doing their work of debasement all over the country can surely be equalled by no other branch of trade. As a character remarked in a Flers-et-Caillavet play, "Vous avez un flair, une sureté dans la gaffe—c'est du génie."

It was thús with some relief that I remembered that a campaign for the establishment of National Parks was to be launched this week by Mr. Norman Birkett under the auspices of the Council for the Preservation of Rural England. One may hope that if this admirable scheme is pursued with all the vigour that well-advised and responsible enthusiasts can throw into it, something may yet be done before it is too late to safeguard areas of Great Britain for posterity. The scheme is ambitious, but not Utopian. If carried into effect, it would mean that such regions as the Marlborough Downs, stretches of sea-coast, the Norfolk Broads, Dartmoor and Exmoor, The Peak and Dovedale, the Lake district, a large part of Wales, and most of the Highlands including the Hebrides, would come under control and that the advance of vandalism might be stopped. Although the scheme would entail a certain expenditure of public money, I refuse to believe that our nature-loving public would grudge a few hundreds of thousands (not millions) to be expended for a benefit which it will very particularly appreciate.

V. SACKVILLE-WEST

CHINESE SOLDIER

FAR from the heart of culture he was used:
Abandoned by his general and his lice,
Under a padded quilt he closed his eyes
And vanished. He will not be introduced
When this campaign is tidied into books:
No vital knowledge perished in his skull;
His jokes were stale; like wartime, he was dull;
His name is lost for ever like his looks.

Professors of Europe, hostess, citizen,
Respect this boy. Unknown to your reporters
He turned to dust in China that your daughters
Be fit to love the earth, and not again
Disgraced before the dogs; that where are waters,
Mountains and houses, may be also men.

W. H. AUDEN

THE AMERICAN STAGE

Golden Boy at the St. James' Theatre dramatises a story with a real conflict in it and provides a setting entirely novel to English playgoers, the world of American boxing. It is acted to perfection by the New York Group Theatre company.

Any drawbacks? Only one which the actors can remedy. English audiences have only a smattering of American slang; moreover American turns and cadences of speech are not, in spite of the cinemas, always easy to follow. I may be getting a little deaf, but I confess that in row L of the stalls a good deal of the dialogue escaped me. Mr. Luther Adler, who played splendidly the part of the sensitive musical young boxer, was often inaudible to me; and I, for minutes together, could only guess at the drift of the talk between him and Lorna Moon on the Park bench, and after his last fight when he and she gabbled their love and desperation on the floor of the pugilist's dressing-room. On that occasion I did not lose much; their emotions were so clearly conveyed. But in the first of those two scenes it was, I divined, of the utmost importance to follow the subtle turns of talk which reflected Joe's complex and distraught state of mind.

The double situation is admirably dramatic. This concerns a youth, the son of a kindly humble Italian restaurant-keeper (quite perfectly acted by Mr. Morris Carnovsky), and the girl of a broken-down backer of pugilists. She was rescued from prostitution by this man, Tom Moody, and, though his behaviour is "tough" enough in his own world, he is really a weak man and entirely dependent on her. Lorna falls in love with Joe, but it is Tom Moody who needs her; and until the full horror of Joe's situation (when he has smashed his hand and killed a man) is brought home to her, gratitude and decency compel her to stick to Tom Moody.

That is the lesser conflict in this double situation. The major one is much more interesting. Joe Bonaparte is a sensitive young man who has already won a medal as a violinist and whose skill is the pride and delight of his father. But he is ill at ease and conscious of a need to assert himself. His name "Bonaparte" has involved him in humiliations in his boyhood and so has his cock-eye. He had also remarkable aptitudes as a boxer, and he decides to stifle the musician in himself—What will his life be as a poor fiddler?—and, to the joy of his backer, Tom Moody, who sees in him a last chance of making money, he chooses the Ring.

But there is one drawback to Joe as a fighter, he won't use his punch. (He is of course thinking of his violinist's hands.) He is, too, his backer soon discovers, not as elated by his early triumphs as he should be; he is oddly sullen and erratic. The first thing he does with the money which comes pouring in is to buy a high-speed car, and Tom Moody sees that any moment Joe may chuck his career. He therefore induces Lorna to grapple the boy tighter by making up to him. In doing this she becomes attracted herself by his sensitive tortured character. The situation is further complicated by an Italian gunman who has something in him which appeals to Joe Bonaparte. He is not out for money like Tom Moody; he, too, like Joe is possessed by a thirst to dominate and to revenge past humiliations on society; to be the backer of an *Italian* champion fills Fuseli with sinister joy. Joe is drawn to him; at any rate *he* does not use him merely as a means of making money, and insult and bully him. Thus it is not Lorna but Fuseli who keeps Joe in the Ring, and that, too, in spite of the despairing anxiety of Joe's father, who loathes his choice, refuses money from his son, and feels in his bones that his boy was doomed when he rejected (for money) the only calling which could have unified his nature. The pathos of his part was acted by Mr. Carnovsky with delicacy and vigour. It is not so difficult a part as that of Joe himself or, for that matter, of Lorna (Miss Emerson never for a moment overacts and is never flat), but it might easily have tipped over into sentimentality. The moment when he parts with Joe with the dumb blessing of a desperate hug, and the moment when he hears of the car-smash in

which Joe and Lorna have been killed, crying " I am going to bring him home *where he belongs*," are extremely moving. The minor parts—Siggie, the Jewish son-in-law, and Tokio the trainer and Tom Moody himself, who can hardly be described as a minor figure, are acted with an unflagging fidelity to type.

The play runs at such a pitch of excitement and with such a hurry-scurry of realistic detail that some English playgoers may miss the underlying dramatic tension of the play, which is the tragedy of a youth to whom life offered a great pot of money to sell his soul. That is Mr. Odets' theme; and his mastery of it is shown in the drawing of this youth. Joe is not presented romantically as a genius, but as a boy with a talent in the exercise of which he might have escaped from his bitterness and been himself—that is all. It is an ugly, thrusting, humbugging world in which Joe has tried to triumph. Where I thought the dramatist was a little out was in presenting the comments upon it of Mr. Carp (the pessimistic friend of the old Bonaparte) as merely grotesque Schopenhaurisms. Here we were up against the paradox of the American temperament: a readiness to stare at what is mean and excruciating and record it, but with the proviso that Life itself is glorious. Plays and novels which dry the mouth with their bitterness are signed with an optimistic flourish which Browning might have envied.

Every critic has noted the vitality of this play. Mr. Agate has drawn attention to the fact that the three plays running in London which stand out are performances of American companies: *Idiot's Delight*, *Amphitryon* and, now, *Golden Boy*. The greater veracity, energy and variety of the American stage is incontestable. Mr. Benn Levy, in the *Observer*, looking about for some explanation of this contrast pitched on our Censorship as the depressing influence; so tactfully exercised, but discouraging, all the same, enterprise and daring. I am inclined to agree with him. The Censorship inevitably encourages a trivial, non-controversial drama—puts a premium on it. The free, restless vitality of the American stage would be incompatible with the Lord Chamberlain's office. It is not merely a question of licence in sex directions, but of outspokenness generally. " Safety First " is the guiding principle of all Censorships. Our plays are carefully searched for political and social criticism and allusions, and criticism is only tolerated if well muffled. Laughter, let alone resentment, is not allowed free play. But I think the cosmopolitan nature of American audiences has also contributed to the variety and vivacity of American drama.

DESMOND MACCARTHY

CONTEMPORARY MUSIC

THIS year's festival of the International Society for Contemporary Music which has just been held in London has worthily fulfilled its object by making known a number of new works and bringing before the musical public several unknown or little known composers. The most important part of the festival—which was assisted by the Oxford University Press, the *Daily Telegraph* and the B.B.C.—was the series of chamber and orchestral concerts to which the contribution made by the B.B.C. with its orchestra was invaluable. Prior to these concerts meetings were held at which various speakers held forth on the thorny subject of " modern " music, and all sorts of theories were propounded as to atonality, the use of quarter tones, etc., etc. All the theorising amounted to very little and was of no serious consequence. Far more valuable were the various occasions that these and other social invitations presented for musicians of European countries to come together and exchange views and hear each others' works. It was left to one or two individuals to offer the social hospitality desirable, for it must be admitted that English musicians and music-lovers are rather backward in this respect and that musicians generally fare better abroad on such occasions than they do in London.

I have dismissed the theorising as unimportant because it is a fact—not at all odd if we consider it for a moment—that in music theory always follows practice and never precedes it. The reason is that music being an art, that is a process of creation, man creates first and then analyses what has been done. The artist provides the data which the theorist classifies and dissects. In science nature provides the data which the scientist analyses. The modern heresy of trying to introduce science into art is comparable to a would-be attempt on the part of a scientist to construct the physical phenomenal universe out of his idea of the Law of Gravitation. Actually, if there had been no material universe he would never have conceived the idea of gravitation. So, music must come first and the new music must always precede the new theory. A corollary of this, which is generally ignored, is that it is not possible for a clever theoretic musical brain to construct out of his analyses of other persons' music a convincing composition which is a vital work of art.

Here we have the clue to so much of the contemporary music which is being produced. A great deal of it consists merely of miscellaneous pieces constructed on some theory. There is a story current how one famous living composer, on being asked by a well-known colleague, who was reading a new score of the composer's at his house, whether a certain note was F sharp or F natural, replied: " Wait a moment," and then turned up a card index, after reference to which he gave his reply. This is " scientific " composition, but the resulting product seems to lack some vital element which is essential.

Personally I found this lack in Ernst Krěnek's pianoforte concerto recently given at a B.B.C. contemporary music concert; but the Cantata for soprano, chorus and pianoforte played on June 20th at the B.B.C. concert hall made a much better impression, the writing for the chorus being particularly

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effective; on the whole, Krěnek's music gives me the impression of being too much "made"—too personal as regards its wilfulness and yet too non-personal and nondescript in its nature. That he is a musician of considerable intellect there is, however, no doubt.

The first orchestral concert of the festival produced a number of well-made works such as the Symphony No. 3 by Josef Koffler (Poland), a Military Symphonietta by Vitěslava Kaprálová (Czecho-Slovakia) and *Domini est Terra* for chorus and orchestra by Lennox Berkeley (England), a work in the French impressionistic style with traces of the Stravinsky influence audible. All these, including Julián Bautista's Spanish songs, "Tres Ciudades," settings of three poems by Lorca, were works of creditable craftsmanship, free from banality or any cheapness of effect or pretentiousness. The latter defect was not altogether absent from Igor Markévitch's symphonic concertante "Le Nouvel Age," which was also rather monotonously mechanical. The best composition, in my opinion, I have left to the last, namely Anton Webern's "Das Augenlicht," a setting of a poem by Hildegard Jone. Webern is an extremely odd, not to say original composer. His style is very much his own, and consists of an extremely laconic harmonic *pointillisme*. It is music incomprehensible except to really musical people, for it is devoid of all the common emotional associations of music. Of its genuineness I have no doubt whatever.

Unfortunately I missed the Grotrian Hall concert of chamber works, but the recent orchestral concert at the Queen's Hall on Friday, June 24th, proved to be of some importance. Let us start by mentioning the work which proved most popular with the audience, although in my opinion it was the worst in the programme, namely the orchestral piece *El Salón México*, by Aaron Copland (U.S.A.). This work began with a freshness that struck the ear very agreeably, but it was soon apparent that this freshness came from the Mexican thematic material used by the composer and that he had very little idea indeed what to do with it. After tricking it up with various modern, not to say jazzy scoring effects, the composition petered out miserably. A much finer and more musical composition was the suite *Albada, Interludi, I Dansa*, by Robert Gerhard (Spain). Although described by the composer as an "occasional piece," it is a spirited and sensitive composition, with what is to us a "Spanish" flavour. Riccardo Nielsen (Italy) provided a Concerto for Orchestra which was conducted by Casella, but it proved to be a laboriously logical piece, nor did I find the Mouvement Symphonique by Slavko Osterc (Yugoslavia) anything more than mere academic construction. The excerpts from Paul Hindemith's opera, *Mathis der Maler*, sung by Parry Jones and William Parsons and conducted by Clarence Raybould, proved less effective than the orchestral suite of the same name; there is fine craft but a wearisome and unimportant solemnity in this music. The *Danses pour Orchestre* by Jean Binet (Switzerland), on the other hand, had a sureness of touch and a freshness and piquancy of rhythm which was very agreeable.

Far the best work on the programme, however, was in my opinion that of the, to me, absolutely unknown Swiss composer, Willy Burkhard, consisting of excerpts from an oratorio *Das Gesicht Jesajas*. Parts I, II and VII of this work for organ, orchestra, soprano, tenor, bass and chorus were performed, and they were all of a striking originality, sincerity and force. Sir Adrian Boult should at once get the B.B.C. to perform the whole of this work, and we should hear other music by Burkhard as soon as possible. We may have a composer of real genius here. He is not yet forty and has, according to the programme note, composed about fifty works. I have a few comments to make on the three sections of the oratorio performed. In the first place, they are each strikingly different, showing a width of musical range in vivid contrast to the monotony of Hindemith, for example. Then he has magnificent and simple openings, the effect of which he is able to sustain. He gets astonishing contrasts of women and men's voices; he can write plain diatonic melody that is not banal. In Section II, "Woe, Ariel!" he shows real musical imagination; here his pizzicato strings and wood-wind scoring may be compared to Berlioz's in its fantasy. In parts 3 and 4 of Section II we meet with a capacity to set words intelligently to music for choral singing that is absolutely masterly. In part 5 he uses the organ in a simple but entirely legitimate and most effective way; here the choral writing is most original. In Section VII I would specially draw the attention of musicians to parts 23 and 25. Here the originality of the conceptions, the brilliance and novelty of the instrumentation are most remarkable. I think part 25 of Section VII one of the finest things I have ever heard from any living composer. It is, of course, difficult to judge a new composer by part of one work, but after hearing these extracts I have the highest hopes of Burkhard. Here, in my opinion, are signs of a really great composer. Let us hope that it will prove so.

W. J. TURNER

THE MOVIES

"L'Homme du Jour" and "The River," at the Berkeley.

"Three Comrades," at the Empire.

L'HOMME DU JOUR is, they say, only a minor Duvivier. Minor or major, it is enchanting and a great deal surer in touch than *La Belle Equipe*. In any event it is a major Chevalier; one is glad to salute his shining talents again after their unlustrous employment in *Break the News*. Curiously enough, both films are based on a similar idea. Once more M. Chevalier is a stage aspirant whose only chance of success is to become the centre of a newspaper sensation. In M. Clair's film he achieved notoriety; in M. Duvivier's it is thrust upon him. The great tragedienne, Mona Thalia ("La Mistinguett de la tragédie," says someone) needs a blood-transfusion to save her life; Chevalier, an electrician who happens to be about, supplies it. The ballyhoo that follows this gallant act is deliciously invented, and the most delicious invention of all is the tragedienne of Elvire Popesco. This actress, a little miscast in *Le Roi S'Amuse*, is magnificent, whether convalescent to the tune of ecstatic alexandrines, broadcasting ineffable messages to her "cher peuple de la France," or entertaining her rescuer at a dinner-table which rises up through the floor. If anything was wanting to complete the absurdity of this portrait, it is supplied by her bustling little husband, in whom we recognise with joy M. Alerme of *La Kermesse Héroique*. Into this snob-ridden circle M. Chevalier brings his superb vitality and abundance of comic gesture; so good are his songs that his supposed failure is incomprehensible, but we have to accept his return to obscurity when the press is monopolised by a Swede who walks across France on his hands. Throughout this admirable satire M. Duvivier's wit fizzes uninterruptedly; there was a dangerous moment when a pathetic flower-girl tempted him to abandon dry champagne for a nice sweet Graves Supérieure, but he recovered his taste just in time.

The Berkeley supports this witty trifle with a grave and splendid American documentary, *The River*. We may begin talking once more of the Art of the Cinema now that *The River* and *North Sea* are to be seen simultaneously in the West End; I hope they are shown all over the country. *The River* presents to us in unforgettable terms the size, the beauty and the problems of the Mississippi. It forms a powerful indictment of *laisser faire*, even in the field of pioneer development. We are shown the great cities built along the river banks, heedlessly and "at what a cost," as the commentator continually repeats. The top-soil of the greatest valley in the world was carelessly squandered; "we have taken the top off the Alleghanies, and sent it down to the Gulf of Mexico." *The River* uses an extension of *March of Time* technique to explain the causes and cure of erosion and floods; but what captivates us is the pictorial beauty of these long, low horizons and enormous expanses of swirling water. The floods are so

wonderfully photographed that it is difficult to remember that they were no spectacle, but a gigantic national disaster. The film, which is shown free all over America, was made by Pase Lorentz.

Three Comrades is a version of Remarque's study of post-war Germany. Three war-time pals stick together in the peace, run a garage, and make friends with a gay but very frail girl, who marries one of them and shortly afterwards dies in a sanatorium. Frank Borzage would, I believe, have made a fine thing out of this study of social unrest had he not been defeated by the uncompromising Americanism of his cast. Not for a moment, in spite of tinkling folk-songs and a café-proprietor stuffed with *Stimmung*, do they contrive to suggest Germany; but Margaret Sullavan and Franchot Tone play with such quiet sincerity that while they are on the screen the film comes to life. With the appearance of Robert Taylor it quickly dies again; he seems, at any rate in this film, to have no conception of character at all; it is just Lee Sheridan all over again. When he was engaged to play in it, the film should have been renamed *A Yank at the Tankstelle*.

PETER GALWAY

PLAYS AND PICTURES

Don Pasquale at Glyndebourne

The first performance of Donizetti's *dramma buffo* in three acts at Glyndebourne was a real triumph for Fritz Busch and the producer Carl Ebert. Whatever misgivings one may have had at the choice of this opera as an addition to the Mozart repertory were put at rest by the complete success with which the real Italian buffo style had been captured. Donizetti, though he came after Mozart and lived longer, was much less profound a musician and his scoring is thin and his invention scanty compared with that of his great predecessor. Like Rossini, however, he is the master of a definite style and *Don Pasquale* is one of the finest blooms in this particular buffo style which the Italians created. The Glyndebourne production is far superior to the Covent Garden one given a couple of seasons ago, and it may be said of Fritz Busch that he understands Donizetti as completely as Toscanini understands Brahms. In this he was assisted by two expert Italian singers, Salvatore Baccaloni (Don Pasquale) and Mariano Stabile (Doctor Malatesta), whose performance was so outstanding that their great duet in the third act was rapturously applauded and had to be sung again before the curtain—an encore thoroughly deserved and completely in the spirit of the opera. The singing at Glyndebourne is usually supported by magnificent ensemble work and the treatment of the famous chorus in Act III is a supreme example of perfect co-ordination between conductor and producer. It is well worth a visit to Glyndebourne to hear this chorus alone. There has never been anything like it on the London stage. It remains to be said that Dino Borgioli and Audrey Mildmay (Norina) were worthy of their colleagues without reaching the same height.

Despiau at Wildenstein's. Drawings by living French Sculptors, at 5 Stratford Place.

The London public has had very few opportunities to see the work of Despiau, despite his world-wide reputation. He was born in 1874, thirteen years later than Maillol, and has reacted somewhat similarly against both the Impressionism of Rodin and the decadence of the sculptors whose works litter the public places of France. But whereas Maillol has used his imagination to create an intensely personal plastic world, Despiau remains as it were more anonymous. This is no doubt partly because he has specialised, for economic reasons, in portrait-busts, and has considerably subordinated his own character to that of his sitters. The particular mark of his art is a quiet distinction: his feeling for his material is exquisite. The heads of Madame Pomaret and of a child called "Cra-Cra" are specially beautiful examples of his refined characterisation. (Look at the treatment of the hair in the former, and compare it with the coarse modelling which Mr. Epstein too often gives to the hair of his undeniably brilliant portraits.) Although Despiau is so undramatic, his heads have great vitality, and also an intelligence that is very French. A smallish torso, dated 1929, is the most felicitous of his figures. The big *Assia* is a fine thing, but one feels a slight discordance between the head and the body. The gravity and subtlety of Despiau's art are exemplary, and we are most grateful to the Wildenstein Gallery for the opportunity to appreciate these.

At 5 Stratford Place Dr. Walter Gernstein is showing drawings by twelve contemporary French sculptors. It is impossible to judge a sculptor merely by his drawings. (Although Despiau's drawings are honourable, they are less interesting than you would expect from so highly accomplished an artist.) But the two best draughtsmen in this exhibition seem to be Auricoste and Couturier: the latter is extremely skilful and sure of himself, the former expresses a very attractive and individual vision. The show as a whole is stimulating and well worth a visit.

THE COMING WEEK

SATURDAY, July 2nd—
- International Theatre Congress, London and Stratford-upon-Avon. Till July 9th. Particulars from 9 Fitzroy Square, W.1.
- Girls' Conference on Aid for Spain, called by British Youth Peace Assembly. Y.W.C.A. Central Club, W.C.1, 2.30.

SUNDAY, July 3rd—
- W. B. Curry on "Philosophy and the Physicists," Conway Hall, 11.
- China Protest Meeting, Whitestone Pond, Hampstead, 8.15.

MONDAY, July 4th—
- Dr. Sindlekova, of Prague, on "Czechoslovakia," 60 Crediton Hill, N.W.6, 8.30.
- "Britannicus," by Racine, Barn Theatre, Shere.

TUESDAY, July 5th—
- Rev. James Brett Kenna on "Anglo-American Understanding," Friends House, 1.20.

WEDNESDAY, July 6th—
- Pioneer Health Centre Meeting, Clothworkers' Hall, 8.45. Chairman: Lady Maureen Stanley. Speakers: Sir Wyndham Deedes, Dr. Scott Williamson. Invitations from The Centre, St. Mary's Road, Peckham.
- "Maritza," Palace.

THURSDAY, July 7th—
- National Council for Civil Liberties Dinner. Speaker: Jawaharlal Nehru, Cheddar Roast, 101 Gt. Russell Street, W.C.1, 7.15. Tickets from 320 Regent Street.
- Georgian Ball and Fair in Mecklenburgh Square Gardens, 10. Tickets, 30s., from Mrs. McClintock, The Georgian Group, 28 Cork Street, W.1.

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Current Literature

BOOKS IN GENERAL

WHEN I was a boy we had a remarkable woman staying with us for several weeks in the country. She was small, very silent, white-haired and grey-faced, with many of the mannerisms of the very old. Although she spent more than half the day shut up in her own room resting, she often seemed unaware, in company, that she was not alone, and she was oddly inattentive and slow in following conversation, even in her native language, Russian. If several people were in the room talking at once, she would show symptoms of embarrassment or distress and would take an early opportunity to retire. A casual observer would easily have got the impression that she was suffering from a mental breakdown. Indeed she was not normal—though the difference from other people was of a kind that is not often seen. Once you had heard her speak you realised that there was no feebleness of thought or will; her mind was hard as a rock; immovable but always in repose. She spoke with the calm decision and authority of a judge against whom there could be no further appeal or argument. And you saw that there was a tremendous force inside her, but a force which was perfectly balanced and at rest. And then suddenly it dawned on you that you had mistaken her age: she was not sixty-five, or seventy, as you had supposed, but in the forties. And the touch of childishness about her was not senility but because she had had very little experience, at first-hand, of the world. V.F., as a girl, had been for a short time a leading figure among the Russian revolutionaries, and had just completed over twenty years in the Schlüsselburg, a prison fortress in the middle of the River Neva. For several years she had been kept in solitary confinement, seeing no one but her gaolers. Many of her comrades, arrested at the same time as herself for taking part in the same plot, had died: others went mad. She had remained the captain of her soul, and had borne, when it came, the sudden shock of liberty. One of the few of her surviving comrades among the Schlüsselburg prisoners committed suicide after a few weeks of freedom. Gradually the conditions had been improved and in the latter part of her imprisonment the regime had been good: I believe that prisoners had even been allowed their own little gardens. What impressed me as a boy was the mixture of her strength and her fragility: she had the toughest mind, yet a large tea-party knocked her up. Later I believe she regained her social elasticity, and the last I heard of her, after the revolution in 1917, was that she was being driven about Petrograd in one of the Imperial carriages and greeted everywhere by cheering crowds.

* * *

The memory of V.F. has been recalled by reading one of the most detailed narratives of prison I have come across, *The Woman Who Could Not Die*, by Julia de Beausobre (Chatto, 8*s.* 6*d.*). I know nothing about Madame de Beausobre, except what is to be found in her book, but her account of the Russian prisons of to-day is extraordinarily convincing. She was born a member of the Russian upper classes, was extremely well educated, married a man of her own class who got a job in Samarkand but aroused the suspicions of the G.P.U. They were arrested and he seems eventually to have been shot. She spent just under three months, which is apparently a record time nowadays, undergoing solitary confinement in the Inner Prison of the G.P.U., enduring frequent cross-examination and firmly resisting all the traps which were laid to get her to implicate others. She was, all the time, naturally extremely frightened of what was going to be done with her, and of what was being done to her husband, whom she never saw, but believed was close at hand. "You will tell us sooner or later," said her examiner. "Not that we torture people. Oh no! But they torture themselves." She suffered at first a great deal from the blinding electric light burning in her room all night and she could not eat the food provided. She was in frail health suffering from a bad heart and an infection of the throat, but her illness was apparently her trump card, for her gaolers were not willing to let her die. An assistant doctor visited her twice a day and she was given special food; a small loaf of white bread, a lump of cheese, a jar of yaourt. She saw a great deal of her gaolers and examiners and came to be on curious terms with them. For the most surprising thing about Madame de Beausobre is that she was just as sensitive to other people and observant of them in prison as she would have been in ordinary life. To most people such sympathy and preoccupation with other people is to some extent a luxury: it was a condition of her existence, and it is even possible that her awareness of other people was enhanced by the danger she was in. Here is the prison governor, who had visited her many times before she knew who he was.

> I see that it is not only Party discipline that keeps this old and saddened Communist from giving up the distasteful work to which he has been appointed. I see that in the unavowed depths of his heart, in the subconscious luminous clarity of it, he knows that it is good and right for him to be Governor of the Palace of Torture, instead of the awful freaks who might be, if he were not. I see him realise with wonder and relief that I am not hostile to him, or to anyone, or anything. The barrier of cruel superficialities has fallen away, and we both know that all things in all eternity will be good and clear between us. If only *we do not forget*. And because miracles are sacred and must be veiled, he repeats: "Any requests?"

* * *

After eleven weeks another woman was introduced into her cell—possibly a spy—and then a third who greeted them with: "Why should I be put into this cell as though I were one of you?" This bad mixer had gone to parties given by wreckers—but one day she comes back radiant from her cross-examination, having obviously made her bargain: she would be released and encouraged to make new friends.

> Some so smugly devoted to the rulers of the day that no G.P.U. could possibly be interested in them. The others will be spoken to and they will answer and flocks of new victims will vanish into the depths of the Inner. But her children will go to school. Her mother will receive some sort of pension.

The madness of prison is to believe, as the author did, that every gesture is planned: that nothing happens by accident. When a charming, very good-looking gaoler says there are wild strawberries in the canteen and offers to get her some, she reflects: "This solicitude cannot be a personal impulse. It must be the outcome of a concerted decision." After six months longer in the Inner, she was transferred to a prison full of women sharply divided into two classes; the rowdies and the peasants. The rowdies flourished and fought back, got most of the food and having always led nomadic existences were able to adapt themselves rapidly. The peasants merely sickened and died; they knew they could never by any chance return to their own villages outside of which the world held nothing for them. Madame de Beausobre writes well, giving extremely solid pictures of all the characters with whom she came in contact. She was sent out to a great forest labour camp, arriving lousy and with a temperature, which enlisted the interest of the decent people trying to run the place; she was sent to hospital and, when she recovered, allowed for a time to work in the wards. Those in charge were frequently disgraced Communists who had been given a chance to win back their positions. A good many children are always born in these camps, for expectant mothers receive specially good treatment. There was the mad love affair of a young prostitute and a Tartar, connived at by the good-natured, which ended tragically. Suddenly one realises what has been clear all along, and which is perhaps the secret of the peacefulness of experienced prisoners; that everyone in the whole penal system is in the same boat: that nobody is responsible and that nobody can do anything except work his hardest and do his best. The conditions are impossible: the prisoners are underfed and overworked and live in appalling conditions, without proper clothes or heating in winter. Many of them are bound to die and the most humane gaolers and prison doctors, often suspect characters themselves, cannot alter the system, but only save what lives they can. There is hardly a bad-hearted or genuinely cruel man in the book. It is interesting to find out

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how much a good education makes for survival, even under such conditions. Madame de Beausobre seems to have survived because she was so sensitive and responsive to those about her and knew there was always something to be done. Her frail health was actually an asset. The peasant woman with ten times her strength was doomed for lack of fighting power, and the criminal and prostitute lacked her power to call out the best in the people round her.

DAVID GARNETT

HOW CAN MEN DIE BETTER . . . ?

The Delights of Dictatorship. By F. L. LUCAS. *Heffer.* 2s.
Peace with the Dictators. By SIR NORMAN ANGELL. *Hamish Hamilton.* 7s. 6d.
The Necessity of Freedom. By DOUGLAS JERROLD. *Sheed and Ward.* 7s. 6d.

It is common ground between these three books on dictatorship that they all reject pacifism of both the Chamberlain and the Peace Pledge types. They all agree, in fact, that the preservation of "peace" cannot be an unconditional principle of foreign policy: there must be some ideal for the sake of which we are willing to face war. That ideal is defined by all three as Justice and Freedom, and Mr. Jerrold adds that it should be Christian too.

The question then boils down to this: what justice and what freedom are worth the risk of international massacre, and how can you make English people care for them sufficiently to face that risk with solid determination? If we are really to stand up to Fascism, rearmament and statesmanlike utterances are not sufficient: we must convince the dictators that the *people* of this country are prepared to fight for certain things.

These three books are all attempts to give a positive *credo* of freedom. Each in its own way describes the civilisation of Western Europe and summons us to risk war in its defence. But I doubt if any of them will solve Mr. Hore-Belisha's recruiting problems. Let us consider Mr. Lucas first. Presumably his purpose is to persuade us that dictatorships are bad and that democracy is worth fighting for. He makes his case by a fine series of quotations from the European classics. Here, exquisitely distilled into a few pages, is the liberalism of a dying cultural oligarchy. To that tradition I myself belong, but I doubt whether Lancashire workers will fight to preserve the pleasaunces of Cambridge Common Rooms. Mr. Lucas sees a distracted generation fumbling for a faith to support it through adversity; and yet from the tranquillity of his study he can write: "Why deify anything? It is not a civilised adult instinct . . ." and again "Uphold democracy because you cannot trust human nature."

I fear this single-minded faith in the freedom of the mind will move no mountains. Mr. Lucas cleaves to it with a rare passion and sincerity, but it is not in itself untypical of our intelligentsia. They believe in "democracy" because they don't trust God or human nature or anything else. For them it is the most rational because it is the most egocentric form of society. Making no positive demand of its leisured classes, it leaves them free to distrust one another. Maybe this is adult civilisation, but by definition it is unable to defend itself; for its professors will politely demonstrate the intellectual futility of any fighting creed. Can any man who sees through all creeds except that of intellectual integrity lead his fellow citizens against dictatorship or achieve the collective security of which he talks? Agnosticism may be a useful solvent in times of tranquillity, in revolutionary periods it is impotent because its fires are cold.

Norman Angell *has* a creed. He is the apostle and the Cassandra of impartial Law and rational discussion; and I have never read a more objective statement of our international problems than *Peace with the Dictators?* Who else could put the German or the pacifist case with such punctilious persuasiveness? Certainly not the German or the pacifist. Who else could demolish their arguments so politely and so finally? Certainly no living politician of any party. Indeed, Sir Norman Angell is so maddeningly right in his Euclidean demonstration of Collective Security and his *reductio ad absurdum* of Chamberlainism, that there is only one question left to ask: why will this book convert neither the statesmen nor the masses into fighting democrats?

To answer this question is to lay bare the weakness of British democracy. Originally constructed as a defence of bourgeois enterprise against Absolutism, its creed was always negative in character. Law for it was and still is the protector of an undemocratic social order against interference, and for this reason it always excluded from its definition of democracy the deepest positive values of human nature. A home is not mere bricks and mortar, nor even the furniture inside: it is the common life of a family. So too with a democracy: the political and legal framework are necessary parts of it, but what should stir our loyalty is the social order they protect. If that is not democratic we shall not fight for democracy. In England it is oligarchic through and through.

When, therefore, he is asked to risk his life for International Law or Political Democracy, it is not surprising that the man in the street feels no ardour for the cause. He will only risk his life for those social values which he personally feels. This fact was cleverly exploited by Earl Baldwin; it is felt also by Mr. Douglas Jerrold, who preaches a world-wide Christian crusade against atheism in *The Necessity of Freedom.* I detest Mr. Jerrold's views but I recognise that his book, for all its economic and political absurdities, is more likely to achieve its object than Sir Norman Angell's precisely because its Catholicism unites a political and a social gospel in one universal faith. English Catholicism has a stronger international solidarity with Burgos than English Democracy with Valencia because it has a common social faith with Catholics throughout the world. How can an English democrat have any common faith with Scandinavian or Spanish democracy if he feels no spark of sympathy with their Socialist ideals?

No genuine Collective Security is feasible except on the basis of a common social democratic philosophy. England may enjoy political democracy, but she will not co-operate with other democracies in loyal mutual defence until her social order is democratic too. Nor will Englishmen feel stirred to defend freedom until, looking away from Westminster, they feel it in their bones. It is this fact which weakens the force of Sir Norman Angell's demonstration. Common interests should no doubt incline our statesmen to ally themselves with France and Russia and America in the defence of international law, but a common social philosophy is the only force which will unite the peoples in defence of their freedom. While England remains a social oligarchy she will not make common cause with Czechoslovakia or with Republican Spain. Though our interests may demand it, our "civilised adult instinct" for distrusting human nature will effectively bar the way.

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OUIDA

Ouida: A Study in Ostentation. By YVONNE FFRENCH. *Cobden-Sanderson.* 8*s.* 6*d.*

On January 25th, 1908, there died at Viareggio, full of age, misery and fruitless grievances, a decrepit English expatriate named Louise de la Ramée, otherwise Maria Louisa Ramé of Bury St. Edmund's, otherwise "Ouida," the notorious society novelist. Some months earlier, a daily paper had published a photograph which was alleged to be the portrait of Ouida "spending the winter of her years in seclusion," but actually represented a wrinkled and unprepossessing Italian peasant woman; and its appearance added a fresh item to the exile's woes which grew more complex and more numerous as her life proceeded. At no time had she been a particularly happy character; for she was plain, though she had a fervent cult of beauty, and unloved, though she had passed the greater part of her existence in a succession of imaginary or platonic *amours*. But, with all her absurdities, she had a certain integrity. To the end, she refused to make concessions, refused suggestions that she should relieve her distress by composing her reminiscences, refused (though, at last, she grudgingly accepted) a small civil-list pension from the British Government. Her whole life was enacted in the grand manner—or in her own, perhaps slightly meretricious, conception of what the grand manner should be—and, however acute her sufferings, she never deviated from it. She died among the rags and tatters of her youthful pretensions, just as she still clung to the fusty remnants of her Parisian wardrobe.

Miss ffrench has woven an interesting, if here and there somewhat meagre, narrative round the tragedy of this remarkable Victorian personage. She shows us, first, the ambitious little girl brought up at Bury St. Edmund's, whose imagination was inflamed by a visit to the Great Exhibition ("Oh, it was Eden itself. . . . Oh, that silver and ebony inkstand with a deer and fawn and the inkstands formed of stumps of trees. . . . It did not look at all like what it was, it was lovely") and then transports us to the palm-shaded Paradise of the Langham Hotel, where Ouida, already a social celebrity, surrounded herself with distinguished military gentlemen and remained puffing at her cigarette as the brandy went round. Followed her extravagant Italian period. Once she had adored the famous singer, Mario (afterwards portrayed in *Moths*) and had tossed an ivory cigar-case, concealed in a bouquet, on to the stage at his last London appearance; now she succumbed to the fascination of a worldly Italian nobleman, the Marchese della Stufa, who flattered and cajoled her but declined her overtures. Her pursuit of the errant Marchese became ridiculous; it was said that Janet Ross, to whom he had long acted as *cicisbeo*, threatened to horsewhip her importunate rival and it was even rumoured that she had carried out her threat. Ouida's reputation suffered and she retired from society. The period of decline and decay began. . . .

But the life of splendid make-believe was never abandoned. At the period of her wildest prosperity, she would emulate one of her own heroines and receive her guests "arrayed from top to toe in white satin, seated in a red-satin upholstered armchair with an air of languid artificiality," or standing on a huge white bearskin before the library fireplace in a "triumph of lilac satin" created by Worth; and, during the time when she was starving herself to feed her dogs, she would still trail around the house in dishevelled furbelows and explain to a rich friend that it was "the privilege of wealth to give to genius." A sad story; and her biographer makes the most of it. I am sorry, though, that Miss ffrench should not have devoted rather more attention to the nature of her protagonist's literary talent, its origins, its affinities, its effect on others. True, she compares Ouida to Ronald Firbank; but the comparison might have been developed in greater detail. For Ouida was no inconsiderable stylist. Granted that her aim was usually vulgar, while her view of life alternated between that of a particularly simple-minded subaltern and the fantasies of an extremely imaginative housemaid, her work is redeemed by the novelist's extraordinary gusto. Thus, she is very often silly but seldom tedious. Her paragraphs are neat and well-constructed; her images—given her purpose and the natural limitations of her fancy—are chosen with an instinctive feeling for the appropriate epithet. Her stories are as headlong as the steeplechases she loved to describe: one reads them through as one dreams of winning the Grand National—in a swift smooth continuous flight over hedges and water-jumps, with oneself, in the person of the hero, at the head of the field. Direction is nothing; it is the pace that matters. And the illusion of speed is maintained with uncommon cleverness.

Under Two Flags is not a good novel, but it is an absorbing fantasy. To enjoy it to-day there is no need to whip up the sort of condescending appreciation that we lavish upon Victorian furniture or pictures of distinguished Edwardian house parties. From the surprising yet arresting statement (which occurs on page 2) that "a Guardsman at home is always, if anything, rather more luxuriously accommodated than a young Duchess," and from our first glimpse of "the Hon. Bertie" ("Beauty" to his friends), whose face combines feminine delicacy, patrician langour, "latent recklessness" and a "singular softness given to the large dark hazel eyes" by his unusually long and silky eyelashes, and who is discovered lounging among turquoise-inlaid dressing-cases, tiger-skin rugs, rose-coloured silk draperies and "a delicious confusion" of "box spurs, hunting stirrups, cartridge cases, curb chains, muzzle-loaders, hunting-flasks, and white gauntlets . . . mixed up with Paris novels, pink notes, point-lace ties, bracelets and bouquets to be despatched to various destinations, and velvet and silk bags for bank-notes, cigars, or vesuvians, embroidered by feminine fingers," we realise the sort of company we are getting into and gladly abandon our connection with the ordinary world. We are fully prepared for "Beauty's" incomparable friend, "the Seraph," as bold and forthright as the Hon. Bertie is spirited and sensitive, and his two mistresses, Zu-Zu and the Lady Guenevere ("a beautiful brunette, dashing yet delicate, a little fast yet intensely thorough-bred") and set for a run that ends up in the deserts of Africa, with the brilliant Guardsman as a mysterious Foreign Legionary and Cigarette to take the place of fashionable concubines. No wonder that "*les militaires*" whom Ouida wrote for—those solid gentlemen whom she had entertained at the Langham Hotel—received the compliment she paid them in perfect seriousness; there is something feminine about the nicest and bluffest of soldiers. It was not so long since Lord Cardigan in charge of the Light Brigade had been the last British officer to wear his corsets on the field of glory.

PETER QUENNELL

ON THIS PICTURE AND ON THAT!

American Testament. By JOSEPH FREEMAN. *Gollancz.* 16*s.*
My Life as a Rebel. By ANGELICA BALABANOFF. *Hamish Hamilton.* 10*s.* 6*d.*

American Testament is the autobiography of a Polish Jew whose parents emigrated to America when he was seven; who grew up there, became a writer, became a Socialist, edited the *Liberator*, was the moving spirit in the production of the paper, *New Masses*, became a Communist, and returned to Russia. Born in mediaeval conditions, he came to maturity in the heyday of capitalist prosperity and witnessed the beginning of what, according to the Marxist rubric, is a third cultural epoch. Thus his life is represented as the Odyssey of one who travels not from land to land, but from culture to culture; it shows "how an American writer, starting from one set of social, moral, and literary values, may arrive at another; how he may develop from romanticism towards reality." As the reader may have already surmised, the book is written within the framework of a Marxist philosophy. It describes the various stages through which the author travelled on the road to Marxism, and deliberately seeks "to confine the narrative to those aspects of personal experience which seemed relevant to the central theme." The narrative, written in 1924, breaks off in 1927 after a visit to Russia and Germany at the moment when the author had, in his own words, "become psychologically ripe for beginning to understand Marxism." Thus, though *American Testament* is a narrative, it is a tendentious narrative told with a purpose. It is personal, but its object is less to reveal a personality than to plead a cause.

To such a book there are, I think, three tests which may be applied. First, is it intrinsically interesting? Secondly, is it significant in the sense that it represents and expresses an experience characteristic of the times? Thirdly, does it convince, that is to say, does the author succeed in inducing the reader to share the opinions to advocate which the book has largely been written?

The answer to the first question is emphatically "Yes." Mr. Freeman insists that art is and always will be his predominant concern; for this reason, he says, he can never be a first-rate politician. He mentions the fact incidentally and characteristically, as an explanation of the dissatisfied attitude of his

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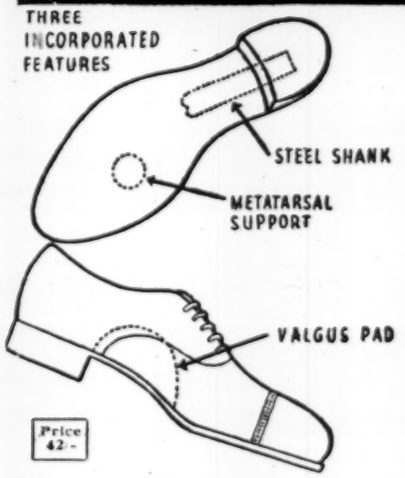

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mistress who, he feels, is about to leave him, and must, he agrees, be allowed to leave him, because he will never achieve the success "which her craving for power and notoriety demanded." (This is "from romanticism towards reality" with a vengeance.) A first-rate politician he may never be, but he is a first-rate writer. The description of Greenwich village in the early 'twenties, whither he betook himself under the influence of Floyd Dell, in order to burn with that "hard gem-like flame" recommended of Pater, make an art of life and devote his life to art, is admirable. His account of this phase reveals, as clearly as they have ever been revealed, the pretensions and futilities of the aesthetic life lived for its own sake, and explains why so many Americans of his generation have deserted Bohemia for Russia.

Another excellent piece of reporting is his account of the meeting of the Executive Committee of the Communist International in 1926. This was the meeting which resulted in the final split between Stalin and Trotsky. Mr. Freeman succeeds in representing the issue as one between an incurable actor, who used ideas as a means to the enhancement of his own personality, content if only the spot-light were focused on himself, and an iron-willed ascetic who, caring nothing for self, cared "only about Socialism and how to build it."

I say that Mr. Freeman "succeeds" in representing so-and-so in such-and-such a light, and am thus led to answer my third question, Is his book convincing? Yes and no. Yes, in the sense that the persuasiveness and brilliance of the writing are such that, while you read, you pass under a spell, believe what you are told, and see the world through the author's spectacles. But, once the book is put down, doubts arise. Having done full justice to the brilliance of Trotsky's attack upon Stalin, Mr. Freeman acidly comments, "such an unequal development of wisdom among men does not sound plausible." I agree. But read wickedness for wisdom, and the comment might with justice be applied to Mr. Freeman's own book. In spite of his disclaimer, this is an inherently romantic book. It gives a romantic picture of people and takes a romantic view of causes, the former being divided into believers and non-believers, Communists and reactionaries, sheep and goats; and the latter into good and bad, with the implied presumption that all virtue belongs to the sheep, and all truth to the good. Capitalist countries (including, presumably, England) are "a wasteland of theft and blood." "The vast majority of men and women in the revolutionary movement" are noble and heroic. Modern literature, which is not "based on the struggle against Fascism or even on the struggle for a Socialist society," is either "flight or fantasy," and so on. . . .

Now Mr. Freeman must know as well as I do that things cannot be quite as simple as that. If he doesn't, I bid him read Angelica Balabanoff's *My Life as a Rebel*. Here is one of the pre-war Russian revolutionary leaders, friend and co-worker of Lenin and Trotsky; friend also of Mussolini, with whom she jointly edited *Avanti* in his Socialist days—Mussolini, by the way, was contemplating suicide when she first met him—first Secretary of the Communist International. Yet the last third of her book is a story of disillusionment and indignation, disillusionment with Communist methods in Russia; indignation at her ejection from the Party for voicing her disillusionment. Revolutionaries abroad, she complains, see Russia as a Utopia, oblivious of the fact that revolutionaries in Russia are imprisoned, exiled and executed; revolutionaries abroad insult with their enthusiasm for the Russia of to-day the revolutionaries of yesterday, whom the Russia of to-day has betrayed. The allegedly contented inhabitants of contemporary Russia "resent more and more—though they are unable to express the fact—the corruption of the spirit and purpose of their revolution. Otherwise the elaborate system of repression, the enormous expansion of the Ogpu, the trials and executions of the past few years, would have been unnecessary. Not even a small percentage of the older generations in Russia believe in the accusations against Trotsky and the other builders of the Revolution. *But they must behave as though they believe.*"

Now Madame Balabanoff has not the literary art of Joseph Freeman, but she writes with a passionate sincerity. She believes, it is clear, that she is giving us the truth, and there seems to be no clear reason for rejecting her belief, except that to do so entails rejecting Mr. Freeman's. They cannot, it is obvious, both be right, and one is driven to the bourgeois platitudinous conclusion that neither is right: that, in fact, Communist Russia is neither as good as Mr. Freeman suggests, nor as vicious as poor Madame Balabanoff believes. Nevertheless, Mr. Freeman's view is the commoner, at any rate among the young, and will, I have little doubt, prevail. His book, and here I come to the answer to my second question, is in the highest degree typical; typical of the development of hundreds of thousands of contemporary intelligent young men, of the development away from art to politics and of the substitution of the religious for the philosophical or scientific frame of mind. Mr. Freeman reports to us his mother's belief that the world is not terrible but good. "No, my son, the world is good. There are bad people in it." Marxism, apparently, assures him on the basis of dialectical philosophy of the truth which his mother believed in the faith of the Jewish religion. For Mr. Freeman, as for his mother, the good will triumph, and by experiencing evil we can "relegate it to its insignificant place in the general scheme of things." It is precisely this that all the religions have maintained.

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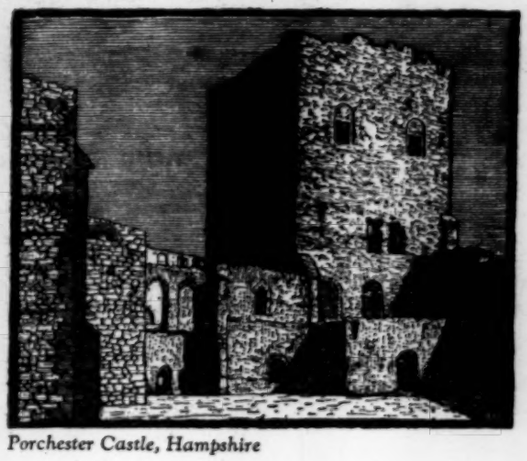

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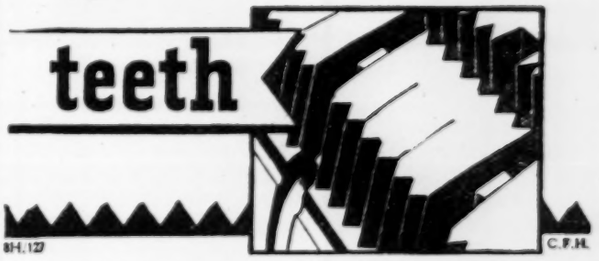

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"*Paradise Lost*, Book 3, line 205" is one thing; to say "*Falstaff*, page 175 of the vocal score" is another. Nevertheless, Mr. Abraham has pursued the bolder course; and those of his references which I recognise or have been able to check make his points so aptly that I am willing to take the remainder on trust. Furthermore, his catholic taste is evidently not an assumed virtue but a genuine response to widely differing sorts of music. Only, I think, with Bruckner and Busoni does his sympathy altogether fail him, so that his comments become perfunctory; both these men are too big to be polished off in an epigrammatic phrase or two.

"My approach to the period," he says, "has been that of the historian rather than that of the aesthetic critic"; but, of course, aesthetics, like cheerfulness into philosophy, will keep breaking in. Mr. Abraham has nothing in common with the musicologist who has his influences and germ-phrases and style-characteristics pat, but never seems to have received a direct aesthetic impression in his life. A passage on Brahms provides a good example of the way in which aesthetic judgment can be distilled from the study of style. The author has been developing the thesis (not a new one) that Brahms is essentially a lyrical composer, even in his symphonic works; and he adds:

> The great difference between the symphonic lyricism of Brahms and that of his more naive contemporaries—Tchaikovsky and the Dvorak of the Fourth and Fifth Symphonies—is that Brahms was so much more skilful in covering up his tracks. . . . With Brahms the statement of a subject in its simplest form is, in his instrumental music, quite exceptional; even the simplest of the forms in which it actually appears is generally reducible to still lower terms, in other words, is itself a variation. The purely melodic, perhaps even strophic, origin of much of his texture is completely concealed. It is this constant avoidance of the obvious that makes so much of his music profoundly and enduringly satisfying; it never seems to have yielded the last of its secrets.

A very acute and, so far as I am aware, original criticism.

The limit of time imposed by the series to which this book belongs happens not to be an arbitrary one. In the 1820's lights went out in the musical firmament: Beethoven, the great creative sun, was extinguished in 1827; Schubert, whom it is not perhaps too fanciful to call the moon, in 1828. With them passed the great Viennese school which ever since, rightly or wrongly, has been regarded as the central system of music. The next decade brought the first stars and comets of the Romantic Movement: Berlioz, Chopin, Schumann, Liszt, the half-hearted classic Mendelssohn; and already the young Wagner was feeling his way with *Die Feen* and *Das Liebesverbot*. Inevitably Wagner occupies the central position in Mr. Abraham's book, and his treatment is unusually interesting because he is the first English writer to take account of Lorenz's extraordinary study of Wagner's musical architecture. For years most of Wagner's detractors and many of his admirers supposed that he wrote his operas sitting, so to speak, at a desk with 30 or 40 pigeon-holes each containing a motive labelled "Brünhilde," "Sword," "Ring," "Fate," "Gold," etc., and, according as one of these persons, things or notions entered or was mentioned in the text, pulling out the appropriate motive and plastering it into the texture; sometimes, being a fellow of great skill and resource, even running two or three in harness together. More intelligent people perceived that such a method was unlikely to produce that symphonic continuity which is the remarkable feature of his mature style; but it has been left to Lorenz to demonstrate the almost uncanny degree of symmetry discoverable within the "periods" into which he divides the acts, and also between one period and another. English readers will feel inclined to ridicule the lengths to which Lorenz pushes his analysis, and his conception of "symmetry by contrast" is indeed rather suspicious; but his study of *Die Meistersinger* (the only one I know) is fascinating to anyone who loves the music, and establishes beyond doubt that Wagner's initial conception was of a great symphonic structure forming at the same time the complete and inevitable expression of the simultaneously imagined drama: a feat of organisation, like the finale of the *Jupiter* or the first movement of the *Eroica*, so stupendous as to be barely within the range of our comprehension.

But, except in *Meistersinger*, Wagner's work suffered from the excessive slowness and lack of rhythmic vitality which were the besetting sins of German romanticism and to which, as Mr. Abraham shows, the influence of the Russians proved so valuable a corrective. Here the author of *Studies in Russian Music* is on his own ground, and extremely illuminating; and no less so when he comes to the century's second great reaction from the Germanic yoke, Debussy's return to sound for sound's sake. Rhythmic stagnation and the dominance of non-musical elements—these were the characteristic failings of the great German romantics; but now that we have got rid of both, a great emptiness and dryness seem to have entered into music, and the gulf between composer and public grows yearly wider. Mr. Abraham expects the state-enforced simplification of music in Germany and Russia to result in closing that gulf; but for so desperate and unnatural a remedy there is no historical precedent, and little likelihood of success in the composer's psychological processes, so far as we can guess at them.

DESMOND SHAWE-TAYLOR

TINDALE IN BRIEF

The Work of William Tindale. By S. L. GREENSLADE. With an essay on "Tindale and the English Language," by G. D. BONE. *Blackie*. 8*s*. 6*d*.

A new book about Tindale, even in an English Bible quatrocentenary year, needs to justify itself by some special qualities: this book does so by its convenient compendiousness. It is a neat compactum, containing a short sketch of Tindale's life, a careful analysis of his religious position and teaching, a good, but quite too short, essay on his use of language (to many people his most important and attractive aspect) and an anthology of selected passages from his Bible and his original works. There might have been more Bible extracts, and it would have been amusing to have had with them the marginal comments that gave such dire and natural offence (e.g., to Balaam's "How can I curse whom God hath not cursed?" Tindale tartly appends "The Pope can tell how"; and so on: one really cannot wonder that this lively and quarrelsome book was burnt by the orthodox authorities). There is an excellent section of passages from the treatises, grouped under their subjects; to discover which works they come from one has to refer to the index at the end, an awkward arrangement, and omissions in the text do not seem adequately marked, but they are admirably chosen to illustrate Tindale's views, life, controversies, and racy use of Henry VIII English. This last is, like Latimer's, always a pleasure: as Mr. Bone says, Tindale's Bible is often less archaic, as also less majestic, than the A.V.; for the cumbrous "it came to pass," Tindale is apt to have "it fortuned," "it chanced," or "it happened"; for "go to" he has "come on," for "forthwith" "by and by," for "apprehended" "caught," for "use not vain repetitions," "babble not much," for "a certain maid" "one of the wenches," for "a prosperous man" "a lucky fellow"; the serpent says to Eve "tush, ye shall not die," and the disciples complain of Christ, "How can this fellow give us his flesh to eat?" Still, the A.V., no one denies, scores on the whole, in spite of rejecting a good few felicities. Mr. Bone might have expanded more on the linguistic position of the Henry VIII prose-writers; standing between the rather stiff late-Chaucerians and the almost too magnificently flowering Elizabethans, they had the coming prose in their hands to mould and play with, and used English with a lively idiomatic freshness that had not yet grown artful. Tindale's treatises, even when on the weariest patristic themes, such as justification, election, and redemption, sparkle with bright phrases—"the careless swine that consent unto sin," "He clucketh to them, as an hen doth for her chickens," "that gleering fox" (More, of course), "longing after slibbersauce and swash"; and he continually finds himself in the O.D. for early uses of words. As to his great brawl with More, it gave fine scope for scurrility to both these abusive and resourceful scholars, and both did well, but More decidedly the better, with his "this devilish drunken soul," "draff as the hogs of hell shall feed upon," and so forth. Alas that scholars at war have grown to-day so polite, so discreetly catty; gleering foxes, spawn of hell, and stinking devilish glosses, have gone out, and we are the losers.

Gone out too (except in Germany) is one method used to make best-sellers. "William," said Tindale's agent to him, "I have gotten thee a merchant" (for copies of his Bible). "Who?" asked Tindale. "The Bishop of London," said the agent. "O that is because he will burn them," said Tindale, delighted, "I am the gladder . . . I shall get money to bring myself out of debt," and also to start a new and better translation, which he did.

Some of the accounts of this acrimonious, undaunted, courageous scholar, working away against odds at his forbidden task, every gloss which he set down in the margin making the waiting fire more sure for his translation and his person, make him a rather pedestalled kind of religious hero; Mr. Greenslade does, I think, bring him to life. No one can make his theological notions (Lutheran to Zwinglian) very interesting to-day, and possibly

Company Meeting

ALBERT E. REED & CO., LIMITED

MR. A. RALPH REED'S ADDRESS

THE Thirty-fifth Ordinary General Meeting of Albert E. Reed & Co., Ltd., Paper Manufacturers, was held on June 23rd at Southern House, Cannon Street, London, E.C.4.

Mr. A. Ralph Reed (Chairman and Managing Director) presided.

The Secretary read the notice convening the meeting and the report of the Auditors.

In moving the adoption of the Report and Accounts for the year ended March 31st, 1938, and after referring to certain items in the Balance Sheet and the increase of £49,000 in the Trading Profit for the year, the Chairman continued:

During the first half of the year under review the general demand for paper was almost unprecedented and we were able to meet this demand by an increase of output which was in itself the result of Capital Expenditure previously made. The output of the Company's Mills was, in fact, larger than ever before.

Consequent upon the very conspicuous increase in the prices of our raw materials, to which I referred last year and which before the end of 1937 rose to still higher levels, the market prices of most varieties of paper which we manufacture rose in sympathy, though not to the same extent as the prices of the raw materials.

The most exceptional case was that of Newsprint, where no increase occurred until January 1st, 1938, when an advance of thirty shillings per ton took place, which, though it constitutes a burden on the newspapers which we all deplore, is not sufficient to cover the increased costs of manufacture.

Owing to the benefits of contracts which we had entered into some time previously, we were able to avoid, to a very considerable extent, the full effects of the high prices of raw materials ruling last year, though we could not prevent a substantial increase of costs during that period. In the current year we have to face a further increase in these costs as a result of contracts which we felt obliged to enter into last year in order to ensure our supplies.

The whole market situation has, however, changed entirely in the last few months. Pulp prices have declined and although Papermakers in general are committed to high prices of raw materials for the rest of the year 1938, Paper prices have been reduced in certain directions owing to pressure of competition from foreign suppliers. These price reductions have occurred mainly in the case of wrapping Papers, of which, as you know, this Company has a very large production.

The foreign conventions which cover these grades recently resorted to price cutting as a remedy, and as it turned out, an ineffectual remedy against the falling off in demand in this and their other export markets, although such price reductions were admittedly not justified on economic grounds and were strongly opposed by manufacturers and others engaged in the Paper trade in this country. It is hoped that means will be found to prevent any repetition of such harmful action in future so far as this market is concerned.

Meanwhile the demand for most kinds of Paper has been falling off during the past six months or more and remains at a low level. Wrapping Papers have suffered most, but here we can look for a pronounced recovery when buyers' stocks have been sufficiently depleted. Newsprint consumption has stood up relatively well and has provided further evidence of the vigour and enterprise of the Newspaper industry and of the broad basis on which it is built. Generally speaking, however, we find that the international conditions of Europe and the Far East, the set-back in the United States, and an apparent excess of zeal in trading in many parts of the world during the first half of last year, have combined to restrict the present demand for Paper.

There are a few brighter spots in the market and this Company has its share of them, but on the whole the immediate outlook is by no means satisfactory.

I am still, however, optimistic as to the ultimate future and in the absence of such international complications as would seriously affect the fortunes of our country, I believe that better conditions will return before long and that the lines on which we have built up and developed this business should ensure its future success and prosperity.

The Chairman concluded by a reference to the successful completion and starting up of the New Paper machine at Aylesford Mills and a tribute to the work of the staff in all departments.

The adoption of the Report and Accounts and the payment of a final dividend of 6 per cent. on the Ordinary Shares, making 9 per cent. for the year, was carried unanimously.

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Mr. Greenslade puts the value of his religious treatises too high. His protests against clerical abuses were common to his age, though informed in his case by the peculiar acrimony caused by irritated memories of the stupid and ignorant clergymen in Gloucestershire who had annoyed him so much—(" God knoweth they are a full ignorant sort which have seen no more latin than they read in their missals, which yet many of them can scarcely read ")—but his vigorous common sense and social morality, his scholar's scorn for ignoramuses, his sardonic wit and racy insults, make him what used to be called a character, and every line he wrote was alive. Mr. Greenslade, making him speak so much for himself, puts him across well. ROSE MACAULAY

THE CATHOLIC EMANCIPATOR

King of the Beggars. By SEÁN O'FAOLÁIN. *Nelson.* 12*s.* 6*d.*

Mr. O'Faoláin's book supplies the biography of Daniel O'Connell in a modern style, which has been long overdue. The *King of the Beggars* is a work of importance because it is the most thoughtful and sincere attempt that has yet been made to appreciate O'Connell's extraordinary character and appraise its influence, not so much perhaps on the course of external events as on the growth of the Irish mind. What has attracted Mr. O'Faoláin, as a novelist of the Irish mind, to the subject is the generally admitted fact that O'Connell in his faults and virtues, more than any other Irish leader, " incarnated a whole people "—the phrase is Balzac's. Indeed, throughout his book Mr. O'Faoláin has largely used Erin's Demosthenes as a vehicle for recording and clarifying his own conception, always interesting if often debatable, of the Irish way of seeing and doing things, in politics and religion, as opposed to the Anglo-Saxon and the Colonial Irish.

In a prologue he revives memories of the Gaelic past and quotes from the Irish poets, so as to give an idea of the old order which failed at the Boyne. I wonder how many there are who can speak with authority of this order; what political sense of nationhood existed among the Gaelic speaking masses of the eighteenth century? O'Connell himself showed no slightest interest in the Gaelic past, being in this matter entirely at one with both his Bishops and the Benthamites in the desire to make English the universal language in Ireland. Mr. O'Faoláin's point, however, is that after the flight of the old Catholic landowners the only material left in Ireland for a national leader to work upon was the Common People. Willy-nilly, a man of O'Connell's ambitions had to be a democrat.

O'Connell worked upon the Common People with a vengeance; what a portent he must have seemed in a period when the gracious figure of Grattan was considered to be that of a demagogue! Mr. O'Faoláin tells the story of the landlord rout at the Clare election, a turning point in Irish history, because the priests were then first fully organised against the conservative interest. The question was, he says, whether the forty-shilling freeholders were to be the serfs of the landlords; but O'Connell's return was in fact a burlesque of freedom, as the voters for his opponents were denounced by the priests as " renegades to God." Thus O'Connell did more than any other man to separate Catholics and Protestants politically, and yet he was himself without the slightest trace of sectarian bigotry. He had been a Deist in his youth, and even when he became a public character of Catholicism, he continued to mouth Rousseauistic sentiments, such as that " One religion is as good as another if sincerely held." His religious history is examined very subtly and suggestively by Mr. O'Faoláin, who reaches the conclusion that he showed himself in this as in other matters to be racy of his soil. Small wonder that the Liberator was always a vexatious enigma to Catholics outside of Ireland, whether these were ultramontanes or modernistically inclined. Readers of Newman's *Apologia* will remember what a dreadful man he was to the leaders of the Oxford movement on account of his " simply secular and political " conduct. At the close of his story Mr. O'Faoláin asks himself to what end the at first sight so equivocal idealism of O'Connell has moved Irish democracy, and replies:

> To a variety of life, won by love, and held by charity? As against the Anglo-Saxon ideal of security won by force, consolidated as comfort, held by tolerance? To an evasion of despotic fact, won by sheer cunning held by an emotional mutability? Or did he lean to a life where justice is always tempered by humour, and where subterfuge makes up for appetite openly denied?

J. M. HONE

UTOPIAS

Utopias Old and New. By HARRY ROSS. *Nicholson and Watson.* 4*s.* 6*d.*

Utopia is nowhere; and just as well, we may feel, if we study some of the countries imagined for our improvement. Plato would have restricted our enjoyment of the arts to a few slogans and marching songs as the Nazis do to-day; under More, we might have been slaves, condemned to latrine service and threatened with death if we rebelled; Bacon would have sent us back to school and we should have had to sing hosannahs to patriarchs with big families; in Campanella's City of the Sun work, diet and copulation would have been regulated by the state; in Christianapolis, there would have been compulsory attendance at three church services a day; in Oceana, a prolonged military training from the ages of 18 to 30. Dictatorship, more or less benevolent but reminding us disagreeably of modern political trends, is characteristic of one-half of the well-known Utopias; the others avoid economics and plump for white dresses, singing, flower-gathering, unpronounceable names, longevity and (one suspects) an eternity of boredom. Add to these the workshop dreams of scientists and the photogenic allure of the new architecture, and you have most of the Utopias discussed by Mr. Ross. The suggestion of a human zoo is overpowering; the reader feels rather like a baboon who is interviewed in his tree and told that he ought to live on a Mappin Terrace. Utopia-reading brings out the baboon in us all. " Anywhere out of the world," we may think before taking up Plato or Wells, but when we have finished them we add, " anywhere—except *there*."

Private Utopias are outside the scheme of Mr. Ross's book, and yet he ought to have included a few merely to offset the civic vision. They correspond, at any rate, to recognisable human desires, whether it is the Cockney's dream of a land where " they gorges themselves all day and lies on sofies " or Baudelaire's conception of Nature remoulded in metal, marble and glass. And the commonest Utopia of any—the next world—Mr. Ross considers hardly at all. What of Swedenborg's cosmic geography, the cloud-sitting and harp-strumming of the Sunday schools, the vapourish seven zones (with temperature charts) of the late Rev. Vale Owen? Mr. Ross has an occasionally sardonic eye for the humours and improbabilities of earthly paradises, and he might have gone on to find some oddities in heavenly ones. A final omission: the Eastern conception of Utopia as belonging not to the future but to the past. Confucians look back to the period of Yao, Shun and Yu as Communists look forward to a world state. Like most handbooks on the subject Mr. Ross's is concerned chiefly with the political recipes for human happiness. He summarises a dozen well-known Utopias and adds a few modern choices of his own; he prefers William Morris to the dictators. As an introduction *Utopias Old and New* is less readable than Mr. Paul Bloomfield's *Imaginary Worlds*, a book of similar scope, but succeeds in giving an historical perspective. The list of " relevant reading," by the way, would set one up for a lifetime.

G. W. STONIER

WHOOPING THINGS UP

So What? By CHARLES LANDERY. *Dent.* 8*s.* 6*d.*

As the Sparks Fly Upward. By PATRICK ALEXANDER. *Cape.* 10*s.* 6*d.*

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occurred in Mr. Alexander's fiercely muscular home—run away from school, ship as stoker to South America and, knocked about by the ship's crew, turn up in Africa and Egypt, join the army and generally go through the mill, but you are the master of your fate. At any moment, though you may be too tough and proud to do it, you can march into Shepheard's at Cairo and claim the rescue of a letter of credit which has been sent there by a thoughtful though angry parent. It makes a difference. I suppose it might weaken character, but if the material is as lively and as pugnacious as Mr. Alexander's, you have the inner feeling that there is a traditional sanction for your misbehaviour. It is the difference between being just drunk and being as drunk as a lord. As a writer Mr. Alexander is not only continuously amusing about his scrapes, but he has an unblemished naturalness of manner. Usually his kind can't write, but the following passage strikes me as both good, revealing and properly Woodhousy. Mr. Alexander is back in London from private soldiering in Egypt just before the war and the zenith of a period is here :

> With my damnable luck for meeting people, I ran into Uncle Louis who was just back from the West Indies Naval Station. Naturally we whooped things up a little, and being too late for a show, went to a movie in Oxford Street, where the first thing we saw on the screen was dad strutting across a racecourse, Aintree, I believe. Uncle Lou and I howled, for dad wore the complacent smile of one who had backed the right horses, and walked with the stiff military gait of a man holding his bottle inside.

Dad, I may say, was of the old school, sentimental, horsey and ferocious. He believed in treating 'em rough, sowing the wild oats and so forth. Lucky Mr. Alexander.

Mr. Landery, having taken neither of the precautions already mentioned, is less spirited but more stoical. He comes nearer to the genuine pessimism of the young man who can't settle down and who knows that, if he doesn't, he will be lost irretrievably in the duller part of the seamy side of life. Emigrating to Canada, he took to the road in a fit of romanticism—there is a fair streak of the sentimentalist in his character—worked in garages, shops, sewed buttons on spats, hitch-hiked and so forth. It was relatively easy and comfortable, though often hungry, living in America where everyone is on the move and the sight of a youth trying his luck is an everyday one. Back in England the same wandering was not so easy. It was indeed grim. He was a waiter. He was even for a while an underpaid lawyer's clerk, feeding himself on 7*s.* 6*d.* a week in a King's Cross lodging. And he tried Rowton House at Camden Town—once described to me, by a pavement artist who lived there, as the poor man's university. All this is put down with a pleasant simplicity, and if there isn't Mr. Alexander's fighting assurance, there is the innocent, unguided, slightly anxious and lonely side of youth in Mr. Landery's narrative, a power to put down the daily facts about the hundred and one ill-paid "situations vacant" in which a man above the mendicant level finds a temporary prison.

V. S. PRITCHETT

HEALTH AND DISEASE

Behind the Night-Bell. By F. G. LAYTON. *Faber.* 8*s.* 6*d.*
National Fitness. Edited by F. LE GROS CLARK. *Macmillan.* 6*s.*

Dr. Layton's book is personal and intimate. He is a general practitioner (of a type, unfortunately, none too common); and here tells us with sympathy and understanding about ordinary English working men and women with whom, in his medical capacity, he comes into personal contact. He gives an interesting picture of the relation between the ordinary working-class patient and his doctor; and his book justifies the final words of the publisher's blurb: "It breathes a wise, humorous and tolerant spirit, which can yet be moved to indignation at the ignorant cruelty of which the poor are still often the victims." *Behind the Night-Bell* is very readable and is full of significant anecdotes and apt comments. Here are one or two typical quotations, taken almost at random :

> We poor men's doctors have certain advantages. We are accepted at our face value. We tap on a door and, if nobody appears, we go straight in. A voice comes from the upper regions :
> "Oo's there?"
> "The doctor"
> "Oo, ar, the doctor. Come up, doctor."
> It doesn't matter what is happening, however embarrassing to the doctor; he is welcomed for what he is. Yet what is he? That is a question we should ask ourselves from time to time.

And from the same page: "The medical schools turn out embryo surgeons and physicians. Do they turn out embryo doctors? The answer is: Yes, they do. But it is only by chance luck; it is only when the student has a capacity for learning from his patients." And on the next page: "I set out to write about understanding—in a way about psychology. It seems to me that the only psychology that has any value at all is that which is based on sympathy." Illustrative anecdotes, indeed, make up a great part of the book. The result is a real human document.

The authors of *National Fitness* have taken a broad view of their subject—the only true view—and recognise that the solution of the problem of national health "necessitates nothing less than the moulding of our civilisation to man in all his aspects—physical, mental and spiritual; nothing less than the taking out of English life those external conditions which make for meanness, degradation, and want." Here they are largely concerned with nutrition—involving not only adequate supplies of the right foods, but also of fresh air, sunlight, proper exercise and opportunity of wholesome intellectual and emotional life. We are given illuminating figures and statements of observed fact showing how very far we still are from attaining—or even aiming at—a reasonable standard of health and fitness for all. Nor need we wonder, when we remember that 4½ million people in Great Britain are limited to an expenditure of less than 4*s.* a week on food. The authors estimate that more than 20 per cent. of the total child population of the country belong to that malnourished section. In the Merseyside survey of a few years ago, it was found that 24.5 per cent. of the children belonged to families living below the very low "poverty line" taken as a standard. But Orr classes 50 per cent. of our families as living "below any approach to the optimum level of nutrition." The problem is primarily a poverty one. As Lord Horder recently said: "Look after the accessibility of food, and nutrition will look after itself." Our present preoccupation with "foreign politics" should not blind us to the fact that our own garden is still a terribly weedy mess. Let us cultivate it. As a start, we might wisely read these practical and informative essays.

HARRY ROBERTS

The Juvenile Labour Market. By JOHN and SYLVIA JEWKES. *Gollancz.* 4*s.* 6*d.*

This important little book embodies the results of an investigation by Professor and Mrs. Jewkes into the industrial careers of 2,000 children, aged 14 to 16, in five Lancashire towns from 1934 to 1936. It gives us a number of very significant facts and figures about their various jobs—or lack of jobs—their earnings and hours of work. It is a melancholy tale. Wages in general were low, sometimes very low—notably in domestic service—and lower in St. Helens than anywhere else in almost every occupation. Hours ranged from 47 to 49 per week in most industries; in retail trade the average was higher (50 to 56), while errand boys were sometimes working as many as 70 per week. The unemployment rate was heavy, and blind-alley jobs common. In their second part the authors discuss the prospects of juvenile employment in the future, and the present state of the laws for the protection of young workers. Considerable as is the advance made by recent legislation (Shops Act, 1934, Factories Act, 1937, Children and Young Persons Act, 1933), they show very clearly that it is not enough. There are still numbers of juveniles left unprotected, and the provisions for enforcement in the new laws need strengthening. The conclusion of the book is a trenchant criticism of that mischievous proviso in the Education Act which will allow children to be exempted from school attendance at 14 instead of 15, if they are judged to have got "beneficial" employment.

The Lost British Policy. By BARBARA WERTHEIM. *United Editorial.* 3*s.* 6*d.*

Dedicated, with a very proper irony, in the present state of the English ruling class, to "A . . . who will never read it," this book tells the history of that British policy which was put most lucidly and a little equivocally by Lord Palmerston :

> it becomes essential that Spain should be politically independent as well as physically and morally strong; and that other nations should know that the foreign policy of Spain is guided by Spanish feelings and directed with a view to Spanish interests and is not made subservient to the policy of any other Power.

This policy dates from the War of the Spanish Succession; and right through the Peninsular War until 1870, when France ceased to be the dangerous foreign influence, we pursued it. We stuck to it, but with France on our side now against the German threats, in the Moroccan crisis before the war. In 1919 the *Times*, whose owners had family connections in Spain, was uttering firm warnings; and once more it was pointed out that the reactionaries in Spain had been pro-German during the war, and that the Spanish left were our traditional and natural friends and allies. That family connection has ended and the *Times* has drifted into the stereotyped class view of the Spanish war.

London Amusements

MATINEES

All at 2.30 p.m. unless otherwise stated

AMBASSADORS. Spring Meeting Wed., Fri.

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DRURY LANE. The Sun Never Sets. W., Sat.

DUCHESS. Glorious Morning. Wed., Thurs.

GLOBE. "Robert's Wife." Wed. and Sat.

STRAND. Banana Ridge. Wed. & Thurs.

ST. JAMES'. Golden Boy. Wed., Thurs.

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Mats., Tues., Thurs., Sat., 2.30. (LAST PERFS.)
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THE ZEAL OF THY HOUSE
by DOROTHY L. SAYERS

GARRICK. (Tem. 4601.) Evgs., 8.30. Wed., Fri., 2.30.
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in
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PERSONAL

RUSSIAN—by experienced native lady teacher. London references. Central. 'Phone. Box 1783.

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GERMAN for Beginners, Readers of Poetry, Scientists. Write DR. WALDE, 167 Gloucester Terrace, W.2.

SCHOOLMASTER and WIFE offer carefree seaside-country holiday in AUGUST to non-fussy person; 2½ *gns.* 'Phone: Middleton 316; write "Silver Birches," Main Road, Felpham, Sx.

WIDOW of R.I., R.B.A., herself Member of Society of Women Artists and L.R.A.M. Anxious to act as companion for secretarial duties and (or) as accompanist and artistic adviser. Fullest references. Box 1981.

CULTURED and liberal Hungarian woman would welcome Englishwoman p.g. in her Budapest home. £8 a month incl. Also spare room in large hut on hillside overlooking Danube. 30 km. Budapest. July, Aug., Sept. £5 a month incl. Walking, swimming, boating. Box 1671.

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YOUNG Graduate, willing to travel as tutor or companion during August and September; perfect knowledge German and French; all-round sportsman, good driver; willing to pay part expenses. Box 2299.

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INDIVIDUAL DRESSMAKING by Joan Jameson, 18 Beauchamp Place, S.W.3 (Ken. 5811), who now also visits clients in or near EAST GRINSTEAD by appointment.

YOU won't be rushed and neither will ANTHONY PANTING if you have your Christmas present photographs taken now. Ring WEL 4950.

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SPANISH RELIEF

A READER has generously given an Epstein water colour (a nude, approximately 2ft. by 3ft.) to be sold for the Spanish Relief Committee. May be seen at a London Gallery. What offers? Box 2163.

MISCELLANEOUS

CYPRUS hand-woven carpets of goat's-hair and flax (free of duty). 12 × 9: £6. First shipment arrived to-day. Also rugs. Send for samples to GERALD HOLTOM, Artist Decorator, 259B Tottenham Court Road, W.1.

HAVE YOU COCKROACHES? Then buy "BLATTIS" UNION COCKROACH PASTE, universally and successfully used in all parts of the Globe, extermination guaranteed: from Chemists, Boots' Branches, Stores, or Sole Makers: Howarth's, 473 Crookesmoor, Sheffield. Tins, 1*s.* 6*d.*, 2*s.* 6*d.*, 4*s.* 6*d.*, post free.

FACTORY GIRLS' COUNTRY HOLIDAY FUND. Chairman, Lady Loch. FUNDS URGENTLY NEEDED. Hundreds of the poorest working girls and women hoping for a week or more at the sea during the next few months.—Gifts thankfully acknowledged by the HON. TREASURER, or MISS CANNEY, M.B.E., 75 Lamb's Conduit Street, London, W.C.1.

Here Miss Wertheim's history, a clear and brief abstract from the essential documents themselves, leaves us to draw our own conclusions. They are inevitable—but with one major pause: we are no longer an island, we do not rule all the waves now, and no one knows who rules the air.

The Black Musketeers. By A. J. MARSHALL. *Heinemann.* 15s.

Very much the same story is told in this book as in Tom Harrison's *Savage Civilisation.* The first part is a straightforward narrative of the trials and adventures of the author during his stay on the island of Spiritu Santo. Without the use of any but the most obvious and even trite descriptions, Mr. Marshall has written a thoroughly exciting travel-cum-adventure story. The second half is taken up with a short history of white exploitation of the natives during the last century, and the present regime. The book is, however, of considerable interest to anthropologists, for Mr. Marshall describes a society in which power and wealth are based upon the possession of hermaphrodite pigs—a delightful and fantastic variation of the tuskers so minutely described by Mr. Harrison.

Week-end Competitions

No. 434

Set by Raymond Mortimer

"Paper Games" are popular, I am sure, in the homes of many readers of this journal. A first prize of Two Guineas and a second prize of Half a Guinea are offered for the best suggestions for such a game. It need not be an invention of the competitor, but evidently the prize will not be given to the traditional form of "Consequences." There is no limit to the permitted number of entries.

RULES—

1. Envelopes should be marked with the number of the Problem, in the top left-hand corner, and should be addressed to COMPETITIONS, 10 Great Turnstile, High Holborn, W.C.1. Solutions must reach the Editor by first post on Friday, July 8th.
2. Competitors may use a pseudonym. Typescript is not insisted on, but writing must be on one side of the paper only.
3. The Editor's decision is final. He reserves the right to print in part or as a whole any matter sent in, whether it be awarded a prize or not. MSS. cannot be returned. When no entries reach the required standard no prize will be awarded.
4. No competitor is eligible for more than one prize in any one week.

The result of last week's competition will be announced in our next issue.

RESULT OF COMPETITION No. 432

Set by G. W. Stonier

The Guinness advertisements have added a touch of poetry to stout drinking and suggest that an equally attractive appeal might be made for teetotalism. We offer the usual prizes (Two Guineas and Half a Guinea) for the best short poem which would brighten our hoardings and convert drinkers to the views of Lady Astor.

Report by G. W. Stonier

It is often a difficulty, in judging these competitions, to decide whether the prize should go to the most talented entry or the one which keeps strictly to the rules. I asked in this case for a poster poem. Many competitors sent me songs, moral emblems, ballads, lyrics which I could not quite see as decorations for hoardings. "Rocket" for example, produced this lyric:

For Rhine, Moselle and Douro
I do not care a rap,
Since Rhayader and Thirlmere
Flow through my kitchen tap.

I'll wave aside the wine-list
At Angel, Crown or Bell,
And drink a cup of kindness
In water from the well.

Away with fizz and bubbly,
With Medium, Dry and Pale;
I'll soothe *my* Adam's apple
With draughts of Adam's ale.

Charming, but its place is the magazine. And this verse, from Geoffrey Robb, belongs obviously to the music-hall, to Lily Morris:

For Water is what's Good for you; it's lemonade for strength
(You tell it blindfold if you wish—few go to such a length);
Great Stuff this Milk—you won't be Vague however much you test;
To give you back the life you lack it's Ginger Beer that's Best.

I don't see how I could give a prize to either of them without being unfair to other competitors who kept the poster in mind. Another entry from Geoffrey Robb, "Little drops of whiskey," has a sickening brightness which is nearer the real thing:

Little drops of whiskey
Little drams of rum
Make almighty trouble
In the strongest tum.

Little drops of lemon
Milky drinkies too
May not be exciting
But they're *good* for you.

And Jean Anderson's "For a Hoarding" would have a certain amount of advertising appeal, if accompanied by a Metroland drawing:

The flowers only water drink,
Oh, what a saving, don't you think?
And she who on pure water grows
Will be as lovely as the rose!

The Metropolitan Water Board might perhaps consider it. Moral warnings were many. I liked M. C. French's first verse—

Jack and Jill went up the hill
To fetch a pail of water;
—But can you say the same to-day
Of *your* own son and daughter?

—but his second was not so good. Several competitors who began well found it difficult to end: J. C. B. Date's

Come into the garden, Maud
Your temperate lover is here
Come into the garden, Maud,
I'm perfectly sober, dear. . . .

would have deserved highly if it had not fallen down at that point. Other possibles:

Abandon Hope all ye who enter here
Should be inscribed wherever they sell beer.
No hope abandon in the Band of Hope
Where water isn't only used as soap. (L. W. Bailey)

Take, O take that glass away
That so subtly beckoneth;
Man doth ever with beer stay
Longer than he reckoneth.
Never shall nor stout nor ale,
Stout nor ale,
Keep a Briton fit and hale,
Fit and hale.
With a single glass (full) and a repulsing hand (masculine).
(K. M. Hamilton.)

Among parodies, Father William, the Walrus and the Carpenter, and the Village Blacksmith were the most popular. Father William, of course, attributed his prowess to water-drinking in youth, the Village Blacksmith ("a mighty man *was* he") lay insensible under a chestnut tree after emerging from the tavern, and either the Walrus or the Carpenter, and sometimes both, were pouring casks of beer and wine into the ocean. But none of these quite equalled Guinness advertisements. By far the best Carroll was J. L. C.'s effort in Jabberwocky; I think he deserves first prize. The second is divided between E. W. Fordham and R. S. Jaffray, for a Lear and a Blake with the commercial touch. My private congratulations to the competitor who sent an A.R.P. postcard containing a libel on a well-known journalist, and to Neptune X who, from the "Sailor's Rest," denounced the whole competition.

FIRST PRIZE

'Tis swillig, and the slimy coves
Do shloop and guzzle in the "Goat."
All boozy are the concututes,
And at boom-ten out-float.

(To be accompanied by an appropriate poster design by a Bloomsbury master.) J. L. C.

SECOND PRIZE (1)

He thought he saw a GINGER ALE,
A noble thought to think:
He looked again and found it was
An alcoholic drink.
"A fool would swallow this," he said,
"*I'll* pour it down the sink."

E. W. FORDHAM

SECOND PRIZE (2)

Heed these warnings and beware!
Gin and lime are each a snare.
Who looks on bitter in the pot,
Bitter is his final lot.
He on rum who merry makes
Views kaleidoscopic snakes.
Tippling ladies see their hats
Trimmed with parti-coloured rats.
Commentators who get lit
Never hear the end of it.

* * *

All these perils you'll avoid
If you stick to BOOZALOID. R. S. JAFFRAY

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NEAR the British Museum, Hart Street, W.C.1. Telephones in all Bedrooms. Numerous private bathrooms. Bedroom, Bath and Breakfast from 9s. 6d. per night. Illustrated Booklet and inclusive Terms on application.

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ISLE OF WIGHT Country House, h. & c. running water, indoor sanitation, elec. l., C.H., 23 acres to sea, 5 *for nudism*, safe bathing, showers, tennis. Brochure, N. S. CRITCHARD, Woodside House, Wootton, I.W.

DARTMOUTH, South Devon. Warfleet Creek Hotel. French management. French cooking. Comfortable. Tel. 144.

ACHILL, West Ireland. Burke's Private Hotel, close to safe bathing strand, beautiful scenery, comfortable, moderate. Apply POSTMISTRESS.

WORTHING.—Aller House Private Hotel. Central position. All modern comforts. Diets studied. Large garden. Garage. Terms from 2½ *gns.* 'Phone 1749.

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Holiday Suggestions

ENGLISH LAKES. Those who enjoy unostentatious comfort, good taste and good fare in charming and restful surroundings, should visit The Pillar Hotel (unlicensed) opening in early July at Langdale Estate, Great Langdale, near Ambleside. Write for booklet (N.).

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KENT. Restful accommodation. Old-world village. Main services, constant hot water, efficient catering. Garage. 'Phone 252. MRS. MILLS, Cottage Farm, Smarden.

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HOUSE PARTY. Magnificent part of Devon; August. Comfort; psychological and artistic activities conducted by specialists; exceptional sporting facilities. Ideal holiday for active, intelligent people. Good social references essential. Apply Box 2294.

MOP END FARM, near Amersham. Paying guests. Moderate terms. Heart of Chiltern country. Use of car if desired. A. D. BRUCE. 'Phone: Holmer Green 78.

WELL-EQUIPPED small trailer caravan, three berths, lean-to and latrine tents, also towing attachment, to be hired for £2 2s. a week, July 1st to 22nd, in Galloway, 100 miles from Empire Exhibition. Gunn Cottage, Borgue, Kirkcudbright.

30 SUN SOCIETIES FOR HOLIDAYS. See *Sun Bathing Review*, Spring; all newsagents, 1s., or post free 1s. 3d. A free back number for 3d. Mention "N." Write S. B. R., 3 Duke Street, Adelphi, W.C.2.

SUMMER holidays on horseback (August), New Forest and South Downs; 27s. 6d. per day inclusive. Write: 30 William Mews, Knightsbridge, S.W.1.

35 MILES only from London in wonderful country. Brackenside Guest House. 450 ft. up. Electric light. H. & c. in bedrooms. Good cooking. 3 *gns.* inclusive. Abinger 131.

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Aug. 21st-Sept. 8th, 1938.
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CRUISES £5–£12. Belgium, British Isles, Denmark, Finland, Germany, Holland, Norway, Poland, Sweden. Write for Cruise List "N": Finnish Travel Bureau, 7 Victoria St. London, S.W.1.

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VISIT EGYPT FOR 26 GNS. Special escorted Tour from London July 27th. Overland Route to Marseilles; delightful Sea Cruise; 5 days' wonder sightseeing in Egypt. 19 days' Tour. Leslie Ling's Private Tours, Dept. N.S. 28 Victoria Street, London, S.W.1. (ABBey 2159.)

EDUCATIONAL Tour to Holland, 11 days; £14 14s. Leaving London July 22nd. The schools, museums, modern and ancient buildings of Amsterdam, Hilversum, Rotterdam and The Hague. A personally conducted tour by Paul Abbatt with the co-operation of the Dutch Education Authorities. Full particulars from WAYFARERS TRAVEL AGENCY LTD., 33 Gordon Square, W.C.1.

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PHOTOGRAPHY

DEVELOPIN ! There is something missing here, but not from our Photographic service. If you value your snapshots, post your spools to us for developing printing and enlarging of superlative quality. Send for 12-page price list containing details of service to VICTOR LATTY LTD., Temple Gate, Bristol.

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HOLIDAY SUGGESTIONS

Special cheap rates are available for advertisements on this page—on application. Other rates and full particulars regarding Classified Advertisements will be found on p. 31.

CALIBAN'S PROBLEM CONTEST

PROBLEM 287.—CLARISSA'S HOMEWORK

"I can't do my homework," said Clarissa.

"Let's have a look at it."

"It's in code, to start off with," said Clarissa. "The word FACTORS is the key, if that conveys anything to you. But what I have to do is not only to decode the problem, but also to find the answer to it."

"Hand it over," I said.

This was Clarissa's problem:

J Z O V K	O B T U W	P C W Q Q
M Y K O N	O W M Y N	B Q K O V
N J E Y Z	L Y M Y W	Q B T N J
M Y W M W	O C N E W	Q M J K L
M N P Q Z	Q M E N M	Y Z P V Q
M Y W Q B	T N J M Y	W M E W C
D W C N E	W Q M J K	L M N P Q

What is the answer to it?

PROBLEM 285.—BROKEN BOTTLES

By Major W. H. Knox

Solution by Malcolm Thomson

The total score at the Sharpshooters' Club Mixed Bottle Shoot was 18,655. It was obtained as follows:

STAND	Married Couples			Single Pairs		
	Bottles Broken		Total Points	Bottles Broken		Total Points
	Women	Men		Women	Men	
1	9	—	9	4	—	4
2	—	1	6	—	16	96
3	1	—	36	4	—	144
4	—	2	432	—	5	1,080
5	1	—	1,296	6	—	7,776
6	—	1	7,776	—	—	—
TOTAL	11	4	9,555	14	21	9,100

The women and the men broke the same total number of bottles, viz., 25.

The total score of the Married Couples, 9,555, was 5 per cent. more than the total score, 9,100, of the Single Pairs.

WORKING

The minimum possible score for the Married Couples—1 bottle at each Stand, plus one at the lowest-scoring Men's Stand (married men broke 4 bottles) is 9,337.

Since the Married score is 5 per cent. bigger than the Single score, it must be divisible by 21. It must therefore be 9,345 or 9,345 + ×(21). The Single Pairs' total must be 8,900 or 8,900 + × (20).

Since the numbers of bottles broken by men and women respectively are the same, the Single Men must break 10 more bottles than the Married Women (for the Married Men have broken 10 fewer bottles than the Single Women).

The total points obtained by the Single Pairs must be such that if there is deducted from it a sum equal to the number of bottles broken by the Single Women + 6 times the number broken by the Single Men, the remainder is a figure divisible by 35. (Other interesting limitations upon the choice of numbers capable of use for calculation also appear when the problem is examined.)

The above totals are found to satisfy the conditions.

(The distribution of the bottles broken by the Single Pairs is easy when it is noted that the net increase in score caused by transferring a bottle from a lower to a higher scoring Stand is, for the men, 210 (from Stand 2 to 4), and for the women, 35 ($2\frac{1}{6}$) from Stand 1 to 3, or 6 (210) + 35 from Stand 1 to 5.)

PROBLEM 284.—THE OLD BOYS FIGHT BACK

A set of Low's cartoons goes to: N. Woodward, 8 Mountview Road, N.4.

Six points are awarded.

PRIZES FOR PROBLEM SOLVERS

A set of Low's cartoons is awarded to the sender of a correct solution selected at random.

In addition, a record is kept of correct solutions sent, and of the points scored weekly by solvers. On attaining 100 points a solver is entitled to a prize consisting of any book (or books) reviewed or advertised in these columns, of a value not greater than 10s. Solvers who have won a prize on this basis are eligible for a second prize on attaining a further 120 points, and for a third prize on attaining a further 150. Solutions must be addressed to CALIBAN, c/o the Editor, and must reach this office not later than Tuesday week following publication of the problem. Solutions to two problems may be sent in one envelope, but on separate sheets of paper.

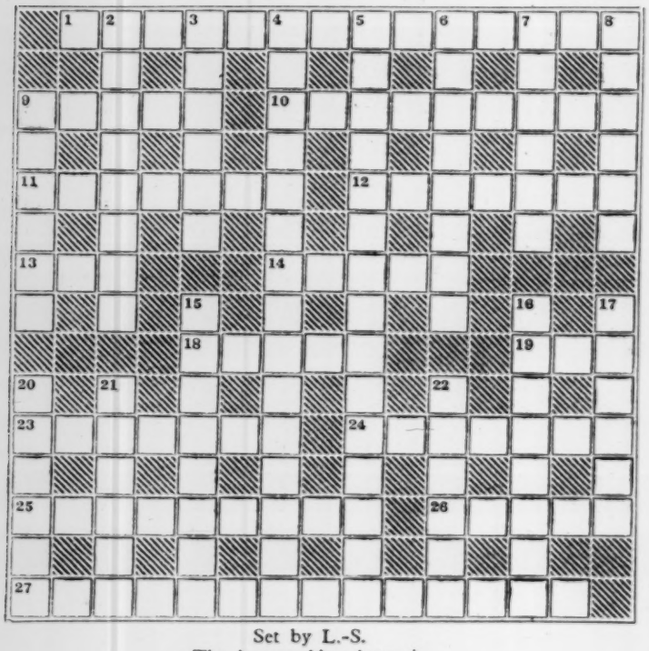
Some indication should be given of the method of solution.

[U.S.A. Competitors. The Editor regrets that the prizes offered in our Week-end Competitions cannot apply to American competitors.]

CALIBAN

WEEK-END CROSSWORD 434

Books to the value of Five Shillings may be chosen by the sender of the first correct solution opened. Post solutions to arrive not later than first delivery Wednesday following the date of issue, addressed to "CROSSWORDS," 10 Great Turnstile, London, W.C.1.



Set by L.-S.

The last week's winner is

A. L. Symonds, 8 Tremena Road, St. Austell, Cornwall

[Apologies to Fife and Gray—or should I say to Shelley?]

ACROSS

1. Their work might make one reel. (14)
9. Result of having 26 in the fire perhaps. (5)
10. Operations on the way. (9)
11. The train for those who dislike change. (7)
12. Numb with two eyes and nothing more. (7)
13 and 19 (rev.). Should have four strings to its bow. (3) (3)
14. A part song all gone wrong. (5)
18. And back to France in October. (5)
19. See 13
23. Outside the doings? Just so. (7)
24. Whisky production for good pick up. (7)
25. Useful when one has weighty things on hand. (9)
26. See 9 across. (5)
27. Divine incentive to change. (14)

DOWN

2. Not how the horsemen would go under. (8)
3. Code of law in a fatal muddle. (6)
4. A small point to encompass. (15)
5. His attire is neat but not gaudy. (15)
6. They come in the news. (8)
7. I wager it's an insect. (6)
8. One of the opening words. (6)
9. Start out with a cross claim. (6)
15. Paid on the Stock Exchange with a dance. (8)
16. A good tailor likes his clothes to appear so old. (8)
17. Makes for fitness. (6)
20. It must be sealed differently. (6)
21. Man from the Tweed? (6)
22. Condition in which the "ayes" have it? (6)

LAST WEEK'S CROSSWORD

C	O	S	T	E	R	■	B	E	D	M	A	K	E	R
O	■	O	■	V	■	A	■	M	■	A	■	I	■	E
M	O	U	S	E	T	R	A	P	■	L	A	N	C	S
E	■	N	■	R	■	O	■	L	■	E	■	G	■	I
B	U	D	S	■	O	U	T	O	F	F	O	C	U	S
A	■	■	■	R	■	S	■	Y	■	A	■	O	■	T
C	O	C	K	E	R	E	L	■	S	C	A	B	S	■
K	■	R	■	A	■	D	■	D	■	T	■	R	■	C
■	G	O	O	D	S	■	D	I	N	O	S	A	U	R
U	■	S	■	Y	■	A	■	S	■	R	■	■	■	U
B	A	S	E	M	E	T	A	L	S	■	S	L	A	M
I	■	H	■	O	■	T	■	I	■	D	■	A	■	P
Q	U	E	E	N	■	I	N	K	B	O	T	T	L	E
U	■	R	■	E	■	L	■	E	■	O	■	C	■	T
E	V	E	R	Y	M	A	N	■	A	R	C	H	E	S

LECTURES AND MEETINGS

THE ETHICAL CHURCH, Queensway, Bayswater, W.2. Sunday, July 3rd, at 11 a.m., MR. RONALD KIDD: "THE DECLINE IN OUR POST-WAR LIBERTIES." 7 p.m., DR. H. J. BRIDGES: "THE HEAVEN OF FRIENDSHIP."

SOUTH PLACE ETHICAL SOCIETY, Conway Hall, Red Lion Square, Holborn. Sunday, July 3rd, at 11 a.m., W. B. CURRY, M.A., B.Sc.: "PHILOSOPHY AND THE PHYSICISTS." Admission free. Visitors welcome.

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WORTHING, Church Walk. Furnished flats to let, ground, first floor; three rooms, bath, kitchen each. All modern conveniences. Box 2139.

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GROUND FLOOR FLAT. Furnished, London Central, wanted for month of July—with option August. Maid or cook essential. Eox 2254.

HAMPSTEAD HEATH, overlooking Parliament Hill. Unfurnished flat to let. Three nice rooms, kitchen, bathroom, etc. Instant hot water. Entirely redecorated. £90 per annum inclusive. 9 Tanza Road, N.W.3.

CAMBER SANDS, RYE. House with garage, also wooden beach bungalow, both furnished for 8, all-electric. Vac. July 30th onwards. Glorious sands, safe bathing. MISS ADAMS, Weston Mead, Aylesbury.

FLAT, 3 rooms, bathroom, kitchen. Furnished or unfurnished. 7 Maitland Park Villas, Hampstead. Gulliver 1746.

TO LET.—Tiny, furnished Cottage, in ideal country. Low rent. Bures 267. Box 2264.

TO LET furnished, Artist's secluded Sussex Cottage in beautiful country 50 miles London. Sleep 4–6; £5 a month. Box 2268.

FURNISHED Bungalow. Five rooms, h. & c. water, electric light, garden; 3 minutes beach. HICKS, "Heather-Croft," St. Agnes, Cornwall.

REAL "dream" cottage. Deep in Wealden Woods. Sell £375. WALKDEN, Mayfield, Sussex.

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SECLUDED country cottage urgently required on long lease by writer, within 3 miles station and 1-hour London. Must be structurally sound. Water and electricity essential. Box 2282.

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INDEX

An Index to Volume XV is in the course of preparation and will be ready shortly. It will be sent to postal subscribers, free of charge, on application; and for One shilling, post free, to other readers.—The Publisher, NEW STATESMAN AND NATION, 10 Gt. Turnstile, London, W.C.1.

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Rates, and all information on page 31

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President of the Board of Governors: Gilbert Murray, Esq., D.C.L., LL.D., D.Litt., F.B.A., Emeritus Professor of Greek in the University of Oxford.
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THE WEEK IN THE CITY

By DIVES

WALL STREET "BOOM"—BRITISH SUGAR—GERMANY'S ECONOMIC WAR

WALL STREET has surprised even itself. There was a case for making some recovery, as I pointed out last week, but for the market to rise continuously for seven days on an ascending volume of turnover astonished even the wildest of "bulls." The chart readers declared that they had never seen such impressive technical action. On June 17th the Dow Jones industrial index stood at 113 and the market was then giving every indication of being "dead," or "sold out." The turnover on June 18th dropped to the abnormally low level of 100,000 shares. On the 20th the fun began, and the industrial index rose 5 points on a turnover of over 1,000,000 shares. Then followed heavy trading—the highest volume being 2,400,000 shares on the 23rd—and the index rose to 131.9 on June 25th—a recovery of 19 points or 17 per cent. The pace was too hot to last. Profit-taking followed this week but was well absorbed and on Wednesday prices rose again. I fear, however, that the market may be disappointed if the expected wage reductions by the big steel companies are not soon announced. This points to the dangers of excessive bullishness. Mr. Roosevelt in his fireside broadcast had actually congratulated the steel companies on reducing finished steel prices without cutting wages, but the U.S. Steel management subsequently explained that they were merely waiting a short period to see whether a larger volume of orders would follow the lower prices before seeking any wage reductions. The independent steel companies talk of making cuts in wages without waiting for their "big" brothers. Another steel strike would quickly upset Wall Street optimism and remind the speculators that the current prices of steel shares (as for many other industrials) are too high for the earnings (or lack of earnings) which will be realised in 1938.

	June 13th.	June 25th.	June 28th.	June 29th.
Bethlehem Steel ..	42⅜	58	55⅞	59⅞
Republic Steel ..	12⅜	18⅜	17⅜	18½
U.S. Steel	41	54¼	53	56¾

Then there remains the problem of the railroads. As Mr. Roosevelt reminded his listeners, Congress failed to pass any legislation to put the railroads back on their economic feet. Wall Street professed to be pleased with the news this week that the railroad union and the management committee had agreed to meet formally on July 20th to consider the proposed reduction in railroad wages. The question of the restoration of business confidence, without which this stock market recovery will lose its point, depends very largely upon a successful conclusion of these wage negotiations. Wall Street, I believe, attaches great importance to the necessity of setting the *orthodox* processes of recovery in motion before the Government relief and public works expenditures begin to take effect. By "orthodox recovery" is meant, of course, the reduction in wages, for a lowering of prices without a lowering of costs is bad for profits and upsetting to confidence. Let us not forget that business and Mr. Roosevelt are still poles apart. This Wall Street revival is not in the least actuated by any sentiment of good will towards the President. It is believed that the Government expenditure will lead, through a reduction in inventories, to a stocking-up movement in the autumn or winter, but without a reduction in costs it is not believed that "pump-priming" alone will restore prosperity. Wall Street is taking a big chance in rushing to buy stocks at this stage, but let no one be surprised if the market rises sharply when the rush to buy is met with a complete unwillingness on the part of holders to sell.

* * *

The British Sugar Corporation, after two full working years, has now established itself as another of our efficient public boards. Sir Francis Humphrys, Chairman and a Government Director of the Corporation, was able to prove in his speech to shareholders this week that the Corporation had saved the Government money; that is to say, had reduced the cost of the Government subsidy to the beet sugar growers. Under the terms of the White Paper of March, 1936, and the Sugar Act of 1936, the rate of Treasury assistance to the British Sugar Corporation, which had amalgamated all the beet sugar factories, is so calculated as to enable the Corporation to earn net profits equivalent to a reasonable rate of interest on its capital, which has been fixed by the Treasury for the time being at 4 per cent. In addition to the 4 per cent. which is the basic rate of dividend, it is laid down that an incentive to efficiency should be provided in order to give the Corporation an inducement to achieve economies in its working costs. These economies are shared in varying proportions between the Exchequer and the Corporation. In the 1937-8 trading period the Corporation received £42,250, being its share in the economies achieved in 1936-7, but the Exchequer received a much larger sum. In 1937 the actual Exchequer assistance to the Corporation declined from £2,561,000 to £1,108,000, as a result in part of the economies effected and in part of the smaller crop yield at a higher price from a lower acreage. The British Sugar Corporation has paid a dividend of 4 per cent. in its first, and 4½ per cent. in its second year, and Sir Francis Humphrys told the shareholders to look for a somewhat higher level as the economies in factory working came up to reasonable expectations. The Sugar Tribunal in its original memorandum on the "incentive proposals" estimated that over the ten years to March, 1947, the economies to be effected should permit an average total dividend of 5½ per cent. per annum, i.e., the basic 4 per cent. plus an "incentive" 1½ per cent. The maximum dividend allowed is 7 per cent. On the basis of the dividend of 4½ per cent. the British Sugar Corporation £1 shares at 18*s.* 6*d.* ex dividend return a yield of £4 17*s.* 3*d.* per cent. and can be recommended to private as well as institutional investors.

* * *

I recommend everyone to read Dr. Paul Einzig's little book *Bloodless Invasion* (Duckworth, 2*s.* 6*d.*) published this week. Ever since the advent of the Nazi regime Germany has been engaged in a bloodless conquest of the countries of Central and South-Eastern Europe through skilful economic penetration. Dr. Einzig exposes the ruthless financial and commercial methods which the Nazi party is using to further its political ends, which he believes extend as far as the Persian Gulf and India. Dr. Einzig concludes with practical suggestions how to resist this economic penetration by providing the Balkan and Danubian countries with credits and trade facilities. A most useful manual for Members of Parliament.

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BRITISH CAPITALISM, 1933-38

IN the following pages some of the more significant financial and industrial developments in this country during the past five years are briefly reviewed. The period 1933–38 has been one of outstanding interest from the economist's angle. It has seen conditions of acute depression give way to rapid recovery ending in a new peak of activity from which, during the past twelve months, there has been a recession—most marked in the Stock Exchange valuation of securities but visible already in a wide range of employments. It has also witnessed considerable changes, not so much in the structure, as in the motivating forces which govern the working of the capitalist system. These have arisen from the fact that the State, whose increasing levies on incomes have begun to impair the satisfactions derivable from the pursuit of profit, has directly or indirectly assumed large responsibilities in fields formerly the exclusive domain of private enterprise, and is now controlling or substantially influencing the course of much of the nation's economic life.

In the financial sphere the establishment of the Exchange Equalisation Account, combined with the predominance of the Treasury bill in the money market, the increased gilt-edged holdings of the Public Departments and the unofficial powers of veto exercised by the Treasury over foreign loans, has greatly curtailed the autonomy of the Bank of England and practically converted that institution, so far as monetary management is concerned, into an appanage of the Government. The direction and development of Britain's foreign trade have been profoundly affected by the 1932 Import Duties Act and by the series of consequential trade pacts which the Government has negotiated. Not merely have the export industries thereby been reorientated; home production has been increasingly encouraged to look for protection both from the tariff and from quota regulation of imports. Such protection has been reinforced by subsidies—notably in the case of agriculture, but in relation also to tramp shipping and commercial air services. And subventions have rarely been unconditional. Usually the grant of subsidy or protective tariff has been made dependent on the willingness of the industry concerned to "put its house in order" by accepting regimentation from a Marketing Board or from a Trade Association of its own creating, as in the coal and iron and steel industries.

In short, the period under review has been one of tentative experiment along the lines of a "managed economy." The process of trial and error has not gone nearly as far in this country as in the United States. British industry has been subjected to no New Deal; the foundations of the Conservative City have not been shaken by the imposition of any sort of control analogous to that exercised by the Securities Exchange Commission in New York. Many of the types of financial structure reviewed in this supplement—e.g., the banks and the new issue market—have been barely touched by the basic influences at work, and others—for example, the building societies—have been influenced only indirectly by Government policy, i.e., in housing. But whether the spectator be concerned with retrospect or prospect, he will appreciate recent trends the better if he views them in relation to the background, as indicated, of gradual, empirical and—it will be generally conceded—questionably successful State encroachment into private enterprise.

The salient defect in every effort made by the Government in the past five years to co-ordinate individual initiative and regulate production and distribution is that the objective has invariably been the protection of vested interests, the maintenance of high prices and entrenched profits, with little or no regard for the consumer or the desirability of increased production. Cossetted by the tutelage of the State, capitalism may have gained in stability, but it is in danger of losing its one virtue—its vigour in endeavouring, as the alternative to bankruptcy, to give the consumer "value" and to provide the public with what the public wants or can be persuaded to want.

Has even stability been realised? The past six months' evidence of accelerating decline poses the question. It is too soon yet to give a confident answer. But this seems clear: the national finances, a brief examination of which forms the first chapter of this Supplement, are obviously marching to a climax at which a major depression, with great deflation of incomes, would involve budgetary chaos. If wars, actual and threatened, combine with the renewed American slump to create another world economic crisis, from which Britain could hardly be immune, controlled inflation may well be regarded by a National Government as a solution preferable to the only alternative—the complete replacement of private enterprise by a totalitarian economy, whatever balance be held between the regimentation of capital and the dragooning of labour. If inflation were certain and assured of its traditional effects, the investment outlook (with which the Supplement ends) would be clear. But, as recent American reactions demonstrate, inflation fails to inflate in a capitalist economy when taxation and State intervention have rubbed too much gilt off the profit-making gingerbread. Any survey of 1933–38 must end, at this juncture, with a question mark.

THE NATIONAL FINANCES

By AYLMER VALLANCE

During the early phase of the trade cycle which last year passed its peak—that is, from 1932 to 1935—the course taken by Britain's national finances appeared superficially to be satisfactory. In the fiscal year 1935-36 total expenditure amounted to £776 millions. This was £24 millions less than the amount called for by the Budget of 1932, when the national income was probably £700 millions smaller than in 1935. As compared with 1929, Defence expenditure had risen, but only moderately—from £113 millions to £137 millions. Outgoings on Civil Service account had mounted from £280 millions to just over £400 millions; but the increased cost of Supply had been offset by the great economies effected through conversions in the cost of the National Debt. From £355 millions in 1929-30 the Debt charge, including provisions for redemption, had fallen by 1935-36 to £224 millions. Savings at the expense of the rentier had masked the growth in civil expenditure, and the nation had not yet embarked on the subsequent costly programme of rearmament.

Very different is the picture presented by budgetary developments since 1935. Notwithstanding the diminished cost of unemployment relief in a period of increasing economic activity, civil expenditure has continued to mount and has now reached the figure of £465 millions. The major increase, however, has been in the cost of the Defence forces, which has risen from £137 millions in 1935 to over £340 millions in the present year. With no further economies in the Debt charge capable of being effected by conversions, and with the aggregate Debt being increased by borrowings for Defence purposes, Britain is spending in 1938-39 no less than £1,035 millions, or £260 millions more than in 1935-36. Making due allowance for the fact that the national income to-day is probably £500 millions larger than three years ago, the proportion of that income which is being appropriated for the purposes of the State has increased considerably. On the assumption, which is generally accepted, that Britain's national income is at present of the order of £5,000 millions, over one-fifth is now being taken by the Government from private ownership either by taxes or by borrowing.

So far, budgetary equilibrium of a sort has been maintained, albeit at a considerable price. Revenue has been successfully screwed up. In 1929 Customs and Excise brought in £247 millions; in the present year, thanks partly to the duties imposed by the 1932 Tariff Act and partly to higher duties on tea and petrol, their yield is computed at £344 millions. Income tax has been raised from 4*s.* 6*d.* to 5*s.* 3*d.* in the pound, and an annual levy of £25 millions has been imposed on business through the National Defence Contribution. The screw thus turned, the yield of taxation in the present year is estimated at £917 millions, miscellaneous receipts bringing the total revenue up to £944 millions. Thus, up to the present, deficits have been kept within manageable dimensions. The insistent problem which must be solved in the next few years is what is to happen if—as seems likely on present indications—the national income and the yield from existing taxes fall, whereas expenditure shows no corresponding decline, but tends in all probability to increase.

Over the next three years, at least, it appears to be certain that outgoings on the Defence forces will rise considerably. In 1939-42 they are unlikely to average less than £400 millions a year. After that, assuming that Europe is not plunged into war and that the process of British rearmament is considered to have been completed, a contraction in this item of expenditure should be possible; but it would be optimistic to look for less than a recurring annual Defence charge of £300 millions. On the Civil Service side the upward trend of expenditure will indisputably continue. Savings on War Pensions will be counterbalanced by the rapidly growing increase in the Old Age Pensions charge; the cost of unemployment assistance will almost certainly be heavier; and if, as seems likely, a lengthy downward turn of the trade cycle has begun, there will be overwhelming pressure on the Government to loosen the purse strings in favour of public works. It will be a pressure against which no Government committed to unproductive expenditure on rearmament can fight. It is well on the cards, therefore, that by 1941 Civil Service expenditure will have surpassed £500 millions. Add £10 millions to the existing Debt charge, and do a simple sum in arithmetic. Debt interest £240 millions, Defence expenditure £400 millions, Civil expenditure £500 millions: the conclusion is that in two or three years' time Britain will be confronted with a total State expenditure of nearly £1,150 millions.

To raise this sum would mean appropriating 23 per cent., or thereabouts, of the present national income—a formidable proportion which has never been attempted except under the dire compulsion of war. Can reliance be placed on growth of the national income? In the short run such optimism would be precariously based. Wars in Spain and, of greater economic importance, in the Far East, combined with the depressing reactions of the American slump on world trade, are already having serious repercussions on Britain's export industries. The stimulus of rearmament expenditure, partial and localised though its effect may be, is putting a brake on the recession which began unmistakably in the autumn of 1937; but it is beyond doubt that the machine is running downhill. Over a wide range of industries unemployment is increasing; all the indices of production, trade turnover, financial activity and transport are showing measurable falls. There are no grounds for confidence that by 1940 Britain's national income will be much greater than it was in 1936, that is, of the order of £4,800 millions—an income scarcely capable of bearing the burden of State expenditure whose probability is indicated above. Nor is the long-range view more encouraging. None of the factors which combined to lighten the burden of taxation in the nineteenth century is likely to be operative in coming years. We know that population will not increase, and we cannot rely on a dramatic increase of productivity per head of population. Given the present price level, Britain is faced with the intractable problem of a national income which will at best be stationary, but is likely in the early future to fluctuate downwards, and the prospect of steadily rising governmental expenditure.

From this impasse there are two ways out, but neither is particularly attractive to governments whose political philosophy has for its objective the maintenance undefiled of the fine flower of capitalist enterprise. Short of the miraculous discovery of means to increase the productivity of the employed population, the State must appropriate a still larger proportion of the national income in the form either of tax revenue or loans; or, alternatively, it must raise the price level by depreciation of the currency. A radical increase in indirect taxes would be politically difficult to bring about in a democracy. To screw up direct taxes on income and profits much above their present level would be to invite a repetition in this country of the "sit down" strike on the part of capital which has led to the present threat of economic paralysis in the United States. The capitalist racket is willing to submit to hi-jacking on the part of the State's revenue collectors up to a point but not beyond it. Nor can the problem be solved in the terms of a capitalist economy by an indefinite procession of large budgetary deficits met by borrowing. The City has accepted as financially legitimate the raising of £400 millions in loans to meet emergency Defence expenditure which, by an amiable fiction, is supposed to represent an appropriate charge to capital account. But in a country not subjected to the regimentation either of a communist or a totalitarian regime an annual addition of anything like £200 millions to the National Debt would sap confidence in the stability of the currency and the structure of interest rates.

It may be that the Government will be prepared to proceed along totalitarian lines; that recurrent deficits will be met, as in the case of Germany and Italy, by having recourse to loans more or less forced upon a capitalist community whose

activities are increasingly stimulated not by pursuit of profit but by the compulsion of a governmental whip. Developments in that direction would not lead to Socialism, but they would profoundly modify an economy based on the principles of private initiative and appetite for gain. On the other hand, recourse may be had to a method of solving the problem which is less fraught with political resistances and is more akin to the process of painless extraction. Controlled inflation which resulted in something like a 3 per cent. annual increase in the price level over the next ten years would change the whole face of the budgetary problem. Enjoying the monetary liberty—subject to the concurrence under the Tripartite agreement of the United States—afforded by the abandonment of the gold standard and the establishment of the powerful Exchange Equalisation Account, the British Government would have little difficulty in manipulating the price level up to the desired point without causing any serious disturbance in the capitalist system. The rentier would have to make his enforced contribution to the solution of the budgetary dilemma, and the necessary readjustments in the remuneration of labour would have to be carefully controlled; but the trick could be worked. That the future course of the nation's financial management may lie in this direction is a factor which must influence any estimation of investment policy.

THE MONEY FACTOR

By F. W. PETHICK-LAWRENCE

SPECTACULAR have been the changes in the world of money during the last decade. Gold standards have been destroyed. Bank rates have gone down and up and down. Foreign exchanges have fluctuated widely. Price indices have experienced peaks and troughs. But the revolutionary change which has taken place in the control of the whole financial system in this country has passed almost unnoticed.

Let me recall the position as it was before the war and to a modified extent between 1925 and 1931. The Bank of England was during these periods the custodian of the gold supply of the country; and this supply had so to be regulated that the gold standard worked without a breakdown. But the Bank was at the same time under statutory obligation to buy any gold offered and to sell any gold demanded at a fixed price (£3 17*s.* 10*d.* an ounce). It had therefore to adopt means to attract gold when the supply was becoming deficient and to repel it when it was becoming redundant.

What were these means? The first and most widely known was the power to fix the Bank rate and thereby to determine the price of credit. The second was "open market policy," that is the power to purchase or sell public securities, thereby enlarging or curtailing the basis of credit and so determining its total volume. These powers operated directly upon the City and the joint stock banks, and through these intermediaries controlled all foreign borrowers and the whole of British industry. Incidentally they also affected the public Exchequer because cheap money means a low rate of interest on the floating part of the national debt and plentiful credit opens up possibilities of successful conversions. The decisions of the Bank were therefore of supreme moment to the whole financial and economic life of the country.

Acute controversy raged regarding these powers and their use. First, it was alleged that the interests of British industry and employment were often sacrificed to financial considerations, that the machinery for foreign lending was more highly developed than that for provision of home capital and that the aggregate of foreign commitments was wholly ignored. The Macmillan Report published in 1931 lent some support to these views. The reply of the Governor of the Bank was that a failure to check in time the expansion of home activity would increase the maladjustment between British and international prices and create a grave crisis later.

Secondly, it was said that such enormous powers should not be in the hands of a private concern but should be operated by the Government of the day. The opposite view was that it was inexpedient that financial policy should be subject to "political" control. Accordingly, so long as the powers conferred on the Bank by statute remained unaltered, no discussion of Bank policy was permitted in Parliament. No doubt the unity of public policy required agreement between the Chancellor of the Exchequer and the Governor of the Bank; but it was an open secret that, unless an exceptional Minister was in charge of the Exchequer, the Governor with his expert daily knowledge usually had his own way with a politically-minded Chancellor and with Treasury officials whose main preoccupations were along other lines.

The third criticism was of the gold standard itself, on the main ground that it checked the proper expansion of industry. Its defenders replied that to dispense with it and rely on pure currency management would be to create unstable exchanges and to invite inflation.

The hammer blows of the summer of 1931 were to put these controversies to the test of realised fact. The bottom had already fallen out of British industry, unemployment was approaching the third million, the City had been allowed to a shocking extent to borrow short and lend long, when the Credit Anstalt failed, financial institutions all over the world tottered and the Bank of England found itself faced with a demand for gold that it could not meet from its own resources. The Labour Government was dragged down in the crisis, and a "National" Government formed to preserve the sacred edifice of the gold standard. But facts were too strong for it, and one of its first acts was to establish a managed currency. The nation went to bed one night anticipating a morrow of chaos and woke to a new world of lesser tension in which a new order of ideas prevailed.

But the new order naturally took time to materialise. The Treasury discovered that the profits (or losses) due to fluctuations in the price of gold could not be allowed to accrue to the Bank, that the Government and not the Bank must "until the gold standard was restored" make itself responsible for the extent to which the £ sterling should be allowed to fall, and that the Treasury must, on its own, provide the advice on which the Government should act. But what about the Bank of England? No doubt, had a Labour Government remained in power, the direct course of making it a national institution subject to Government control would have been adopted. But a "National" Government was in power, defender of the faith in private enterprise, and no such solution was possible. So the Bank was left just as it was. Not one of its weapons was taken away, but like Wotan's spear in *Götterdämmerung* they were broken by the more powerful weapon forged by the Treasury.

In the budget of 1932 Mr. Chamberlain announced the formation of the fund called the Exchange Equalisation Account to "iron out" fluctuations in the exchanges. It was floated at £150 millions, a sum believed at that time to be amply sufficient to cope with any of the speculative activities of what he called "refugee" capital. The fund was specifically to be controlled by the Government answerable to Parliament but without disclosure of details. Any intention of controlling through the Fund the "trend" of the exchanges as distinct from day to day fluctuations was denied. But as Bank rate was brought down to 2 per cent. and severe restrictions were placed on the foreign activities of the City it soon became clear that the Government were firmly established in the saddle and what could not be achieved through the Fund would be secured in other ways. Cheap money and plentiful credit became in fact as definite a part of their policy as the imposition of tariffs and quotas. Treasury Bills were sold at a discount of only ½ per cent. per annum, the 5 per cent. War Loan was converted to a 3½ per cent. basis, commodity prices took an upward turn and after January 1933 unemployment began to abate.

In April 1933 the United States devalued their dollar and formed an American Exchange Equalisation Account. At the same time the amount of the British fund was increased by a

further £200 millions, making £350 millions in all. Since that date the two Treasuries between them have succeeded in roughly pegging the exchange at about $5 to the £. The years that followed saw steadily rising prices and profits, and steadily falling unemployment both here and in U.S.A., but in France the monetary position grew steadily worse and in June 1936 the British fund was increased by a further £200 millions to assist the French Government to carry on. In spite of this the franc had to be devalued and the tripartite monetary agreement was made by which the three Governments undertook to work together to damp down exchange speculation and promote stability.

The barometer seemed set fair, but all has not proceeded according to plan. For one thing, rising commodity prices increased the cost of living, so that for the poorest section of our population (those on tiny fixed incomes) the "prosperity" boom has spelt a reduced standard of life. For another, the American position has sagged badly. For a third, wars and rumours of war have discounted predictions for the future. The Government Defence Loan has upset the balance of the budget. Mr. Chamberlain's N.D.C. was a warning to the industrial world that even a "National" Government must raid high profits when it needs money.

The result has been that Big Business has come to the conclusion that it will pay it better during the next few years to go slow and that as profits on additional capital are uncertain the creation of new capital should be retarded. In consequence there is a "recession" in trade, a fall in prices, a lowering of Government credit and a rise in unemployment in spite of the vast outlays on armaments.

Does this "recession" mark a failure in the policy of currency management? In my opinion, though it is too early to express a final judgment, the answer is definitely in the negative. So far as it has gone, control of the system has proved possible and advantageous. It has provided cheap and abundant credit and a fair amount of stability both of prices and exchanges. It has not brought complete stability into the whole economy of the nation, and quite clearly it could not have been expected to do so. Even financial control is by no means complete and control of the industrial machine can scarcely be said to have begun. So long as the motive of production continues to be private profit, the output will be intermittent, capital and labour will at times be left idle, and the needs of the community will be neglected. No bribes to Big Business will be sufficient to overcome these defects. Plenty will only be the general rule when control, already proved efficient in finance, is extended to the economic sphere.

But what about gold? Once it was the arbiter of industry and could bring Governments low. To-day its power has gone. It has become a commodity bought and sold like others at varying prices. Its movements have practically no influence on the financial machine. But some homage and tribute is still paid to it. South Africa and Russia continue to grow rich by digging it out of the earth and India to pay her debts by dishoarding it. The British and American Treasuries buy it at £7 an oz. and solemnly put it underground again. As the interest on Treasury Bills is low here and almost microscopic in U.S.A. this sterilisation costs them but little. But this farce cannot go on indefinitely, though in circles which control finance questions about the ultimate future are taboo. Gold as money has gone. How shall we dispose of our hoard so as to do the least harm? One day let us hope, men will abolish war and build a new city to be the centre of world peace. Why not pave the streets of this new Jerusalem with the unwanted gold? There is already enough for several miles of paving of the thickness of gold sovereigns; and who knows how much more will have been accumulated before that happy day arrives?

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THE JOINT STOCK BANKS

By G. D. H. COLE

The history of joint stock banking since the crisis can to some extent be told in crude figures—a gradual rise in bank advances from an average of £759 millions in 1933 to £954 millions in 1937, and £994 millions in April, 1938; a rapid increase in investments from £257 millions in 1929 to £537 millions in 1933, and thereafter more slowly to £652 millions in 1937 with a decrease to £638 millions in April of this year; and a rise in "cash" from £212 millions in 1933 to £235 millions in 1937 and £246 millions in April, 1938. In plain words, bankers' advances to customers, after falling abruptly from £991 millions in 1929, have been recovering rapidly ever since, in the absence of any check to expansion imposed by the Central Bank. With money plentiful and rates of interest kept low, the securities bought by the joint stock banks during the depression, when they could find no other uses for their funds, have for the most part remained in their hands, the new money coming on to the market having since been absorbed in other ways—especially by the building boom. As for "cash," including joint stock bank balances at the Bank of England, monetary policy has kept this up to a level designed to make plenty of credit available for all legitimate uses. To illegitimate uses there has not been much temptation, except for a short period of boom on the Stock Exchange in 1936–7. The bill holdings of the banks have remained relatively stable, the contraction in the sums required for financing foreign trade having been offset in the main by the increased supplies of Treasury Bills and other short-term obligations.

Many joint stock bankers thought the end of the world had come when Great Britain went off the gold standard in 1931. But they have got used long ago to working under a system of unfixed exchanges, in which forward exchange transactions have come to assume a new importance and, in face of interest rates held deliberately low, "hot" money has gone touring from market to market in search of any temporary advantage. They have, indeed, got so used to the change by now that

though most of them would probably still declare themselves in favour of an ultimate return to gold, they are in no hurry to go back until they can be well assured that the gold standard will not be playing them awkward tricks yet again.

Cheap money has, no doubt, its inconveniences for the bankers, who often hanker after the old days of high and effortless return. But the regime of managed currency and managed credit supply saves the joint stock bankers a good deal of responsibility, and gives them a fair assurance that the State will stand behind them if things threaten to go wrong. Moreover, the State, through the Export Credits Department, now underwrites much of the riskier foreign business; and the frozen industrial credits at home, which weighed heavily on the banking system during the years of depression, have mostly been liquidated or written off. Frozen credits abroad remain, and are ever threatening to accumulate afresh; but here, too, the State and the Bank of England stand more behind the commercial banks. The joint stock bankers' principal anxiety has been to find sufficient outlets for short-term funds that will yield them more than the beggarly half per cent. or so obtainable on Treasury Bills, and to make use of these outlets abroad as well as at home without running any serious risks over the exchange.

With foreign trade at a lower level, even during the past year or two, than before 1929, and less bank money locked up in financing it, the bankers necessarily looked more to the security markets. At the same time opportunities for the financing of home industry improved from 1933 onwards; and the bankers were able to expand their loans with an assurance that the expansionist policy was unlikely to be reversed. The bigger industrialists, however, were in many cases in a highly liquid condition, and thus able to a substantial extent to finance their own undertakings. Consequently, advances expanded but slowly until 1936, when rearmament began to affect the industrial demand for money.

Bank turnover increased rapidly during 1936 and the first half of 1937, until the American recession set going a stock market decline. Thereafter town clearings fell rapidly, followed more slowly by metropolitan, country and provincial clearings, as the financial recession began to react elsewhere. But, with retail sales on the whole well maintained, except in the West End, these reactions were not considerable.

In general, the policy of the joint stock banks has changed in harmony with changes in monetary policy, but has in other respects remained much the same. Warned by their experiences after the post-war boom, bankers have been wary of locking up funds in long-term investments, and have operated in this field only on a small scale, mainly through their subsidiaries such as the Bankers' Industrial Development Co. Warned by their experiences in Germany in 1931, they have become more cautious about locking up money abroad on the strength of deposits which are subject to withdrawal at short notice. They have learnt to pay less attention to gold movements, and much more to the activities of the Exchange Equalisation Fund as the instrument of the Government's monetary policy. Since the Treasury and the Bank have turned round and favoured cheap money in preference to deflation, the joint stock banks have become more passive executants of official policy, and there has been less reason for divergence either between them and the Central Bank or among themselves. It does not follow that they would show an equal docility if the Government in power were not to their liking, or were pursuing a programme of which they disapproved. But in general they have seen no reason to quarrel with the policy that has been followed officially since the crisis.

In industrial lending, the joint stock banks have succeeded in holding up their rates to a high level, in relation to the prevailing short-term rates of interest. They did not find it possible, during the depression, to stand out, as they would have wished, for five per cent.; but they did successfully stand out for four per cent., even against the majority of large borrowers. Nor did they lower appreciably the standards of "credit-worthiness" which they required from borrowers.

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They preferred to hold their rates steady, using their surplus funds for investments instead of loans, while they awaited an improvement of the economic situation. Consequently, the initial financing of the British recovery came more from the Building Societies than from the banks; and bank advances expanded appreciably only when the revival of production and employment had already proceeded a longish way. The banks made no attempt to fill the gap in long-term investment during the depression, or to engage in risky commercial financing without the support of a Government guarantee.

During the depression, there was no very great change in the total volume of bank deposits, but a considerable shift from current to deposit accounts. In 1932 the sums on deposit actually exceeded the total of current accounts; but this situation lasted only for a short time, and as recovery developed current accounts rose much faster than deposit accounts, as the latter became absorbed into the active working capital of business enterprises. By 1937 the ratio of current accounts to total deposits was back at 55 per cent.; but the ratio of "cash" to deposits, after sinking nearly to 10 per cent. in the spring and summer of 1937, returned to nearly 11 per cent. in the early months of 1938. The joint stock banks had, in effect, a margin of unused credit, even without reducing their holdings of existing securities. They were in a position either to finance an expansion of trade or industry, or to take up new Government securities. In fact, they secured highly favourable terms for the Government's new loan issue, and thus found a profitable outlet for some of their surplus funds.

In recent months British as well as American banks have been feeling the effects of the repatriation of French funds held abroad during the franc crisis. This has resulted in a considerable fall in cash in consequence of the withdrawals; but the movement has not involved any disturbance in market conditions, as the demand for advances has also been falling off with the decline in economic activity, and the Bank of England by a new and interesting technique also took prompt steps to offset any temporary scarcity of short-term funds.

In short, joint stock banking has fully maintained during the past five years its reputation for solidity in face of changing economic conditions. Low interest rates cannot be without reactions upon bankers' earnings; but in spite of the Government's policy of cheap money the banks have been able to pay perfectly adequate dividends out of their current earnings. British banking is the most secure of all capitalist industries, from the standpoint of the investor in its shares. It is well adapted to profit by periods of business prosperity, and to weather periods of depression. It fits in well enough, despite the complaints of the "small men," with the existing economic system as a whole. But it is a moot point how far it would be prepared, under its present leadership, to adjust itself to the demands of a planned economy or of a Government in which its leaders felt less "confidence" than they feel in Mr. Chamberlain's.

THE CAPITAL MARKET

By R. W. B. CLARKE

According to the folklore of our time, the capital market is the mainspring of the economic system. It is the temple in which the grim rites of risk-taking are performed. Here, the fruits of enterprise are reaped. The savings of the people are diverted into the right investment channels. In the history of the 1933–37 recovery, however, it is by no means easy to reconcile the actual behaviour of the capital market with its theoretical function. It has played a useful part in some respects. But it has shown weaknesses which throw grave doubt upon its ability to perform the duty which the folklore has assigned to it. Social institutions which no longer fulfil their purpose are superseded. The history of the last five years suggests that that is the fate of the capital market.

The control of the issue of gilt-edged and near-gilt-edged securities has already passed to the rather mysterious junta known as the "authorities"—the Treasury and the Bank of England. The process of hidden nationalisation has been informal but complete. Six years ago the Government discovered that its basic economic policy—the drastic reduction of interest rates—was incompatible with the free market for capital. After the hectic open-market policy and the conversion of War Loan, the Treasury therefore decided to maintain cheap money by restricting the flow of new issues. A number of large conversion loans were permitted—especially those of Australian and other Dominion Government issues—for they involved no subscription of new money. But municipal issues were discouraged. Nothing was allowed to interfere with cheaper and cheaper money. By 1935, long-term interest rates had fallen below $2\frac{3}{4}$ per cent.

There was a strong demand for funds from the local authorities, for conversion purposes and for new development, such as the L.C.C. housing drive. Had the free play of supply and demand been restored, interest rates would have been forced upward. The authorities, therefore, tightened their control. Would-be borrowers were arranged, so to speak, in queue. They were allowed to borrow only on the terms and at the times that the authorities permitted. When the control thinks conditions are favourable, it allows a few issues. Then the market becomes sated, and the stream is stopped, to begin again later when the last issues have been thoroughly digested. This regulation is thus complete. In the maintenance of cheap money it has played an important part. By results, it has been well justified. Wide vistas of Budget deficits and even ultimate default loom ahead, but the Government can still borrow at 3 per cent.

A significant corollary is the authorities' rigid control over foreign lending. Foreign issues might compete with Government and municipal issues and so drive up interest rates. Therefore an embargo was placed upon foreign lending—the very hub of free enterprise, the glory of pre-war capitalism.

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All proposals for lending outside the Empire must be submitted to the Foreign Transactions Advisory Committee. Until the beginning of this year, almost all projects were banned: in 1930 twice as much money was lent abroad as was lent in the whole 1933–37 period. The arguments brought forward for the embargo were not impressive, and the administration led to a number of anomalies. But its existence is very significant, and even more significant is the fact that, although the administration has been relaxed, the organisation of F.T.A.C. remains, and permission must still be asked, even for those transactions for which consent is formal. Thus control of foreign lending is a permanent part of the system. Incidentally, much of its risk-taking function has been mulcted by a Government organisation—the Export Credits Department.

The market for industrial issues, too, has in part been superseded. It has done one job well. Industry has been able to convert to a lower rate of interest nearly the whole of its debenture stocks which were redeemable before 1942. But this is the least of all the benefits of cheap money. The saving in interest to industry as a whole is trivial—of the order of £1,500,000—and this maximum possible amount of conversions has affected only some 6 per cent. of industry's fixed-interest indebtedness. Much more important is the subscription of new money, and in this the public capital market's part is declining. Borrowing for British undertakings increased from £31.6 millions in 1932 to a peak of £90.6 millions in 1936. But this 1936 figure was 27 per cent. below the level of 1929 and 45 per cent. below that of 1928. This, in a period of far greater prosperity and promise than 1928–29, is abundant proof of basic change in methods of financing.

Even the machinery for financing industry, indeed, fails to satisfy modern requirements. A new series of institutions have developed, and they look very like the nucleus of a National Investment Board. Three years ago, the Government wished to stimulate railway development. But the main-line railways and London Transport, earning much less than their standard revenue, could not appeal to the market for funds in the usual way. Their new projects could not earn enough revenue to cover the interest rates at which their credit status would have compelled them to borrow. For a utility undertaking, with a very high proportion of capital cost, the difference between 3 and 5 per cent. may be the difference between success and failure. Special Treasury-controlled organisations were therefore formed in order to borrow the money on Treasury guarantee: so far nearly £69 millions has been borrowed at less than 3 per cent. This is evidently a permanent development. We may expect to see the establishment of similar organisations for similar purposes in the future—for example, for financing electrical development.

Another notable inadequacy of the capital market is its failure to finance cyclical industries' development at the right time. It insists upon attainment of a sound profit record before new money is borrowed, and thus prevents cyclical companies from expanding at the times at which they can build their new plant at lowest cost and have the new plants ready for the boom. If, for example, Richard Thomas & Co., the steel and tinplate makers, had been able to borrow for its Ebbw Vale strip mill project in Jan. 1935 instead of in Jan. 1937, it would probably have scored signal success instead of financial difficulty. Organisations such as the Bankers' Industrial Development Co., which financed the Stewarts and Lloyds new Corby expansion as early as 1932, to some extent fill this need, and so tend to supersede the public market. Evidently all these governmental, semi-governmental and near-governmental agencies could easily be drawn together into a National Investment Board, and could be expanded as a cohesive whole.

Industry itself, too, is now inclined to by-pass the public capital market. It has been so impressed by the disadvantages of public borrowing that it has been particularly conservative

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in distributing dividends, providing the funds for development out of the profits of the business. According to the computations of the *Economist*, companies reporting in the first quarter of 1938 retained 29.7 per cent. of their profits (after ample depreciation allowances), whereas companies reporting in the same period of 1929 retained only 21.1 per cent. There has been a marked tendency for the bigger companies to issue shares to their own shareholders on bonus terms instead of coming to the market for new capital. Big industry becomes increasingly independent of finance proper.

The capital market's attention is thus increasingly concentrated upon its least important job—the financing of small industrial and mining enterprise. Here there has been hectic activity. There was a boom in gold-mining issues, after sterling devaluation. Rearmament publicity enabled great numbers of small metal-working concerns—many without the remotest connection with armament orders—to float themselves off on to the public. Most of the issues involved neither new money nor new enterprise: the proceeds were swallowed up by vendors' payment and expenses of issue. They provided great profit for the troop of insiders, very good bargains for the small industrialists who were selling out, and, for the investing public, babies with a high rate of infantile mortality. On the whole, the new restrictions imposed by the Companies Act have improved the quality of the issues—there have been more sound issues than there were in 1928, and there have been fewer out-and-out ramps. But a number of issues—notably the James and Shakspeare issue, the key to the pepper scandal—have demonstrated the need for further legislation to protect the investor from his folly.

The story of the capital market has therefore been one of gradual supersession of all its most important functions. The Government, directly and indirectly, has taken control of the points of greatest economic importance. The use of that control has suffered from the lack of proper co-ordination inherent in partial planning. But the fact of it is highly significant. For the rest, the public capital market has effected some useful financing of industry and business expansion. But most of its energies have been spent in scouring the country in search of small private companies with passable profit records which could be sold to the public at inflated prices—a sad come-down for the "mainspring of capitalism."

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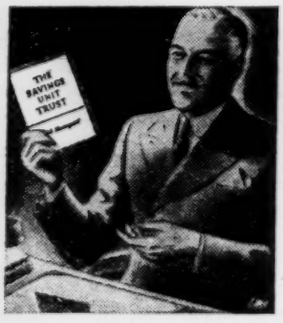

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UNIT TRUSTS

By ALASTAIR

From the point of view of the social reformer, as well as the student of financial technique, the growth of Unit Trusts during the past five years has been of considerable interest. The movement fails, in one sense, to merit description as an effort to remould the new issue market nearer to Socialist desires: the operations of Unit Trusts, unlike the functions exercisable by a National Investment Board, do not collect individual savings and canalise them directly into new productive enterprise. What the purchaser of a sub-unit in a Trust buys is a title to a stated proportion of a "unit" portfolio of securities. These securities may be restricted, as in a Fixed Trust, to an immutable list prescribed by the trust deed, or they may, as in the case of a Flexible Trust, be interchangeable, at the management's discretion, within the range of a larger number of stocks and shares defined under the trust deed as "permissible." In any case, however, the public subscribing to Unit Trusts is investing indirectly in securities which have previously been marketed. The vendors to the Trust of the securities acquired may proceed to use the cash for financing a new enterprise; but they may equally squander it at Monte Carlo or lock it up in purchasing gold.

The claim made by the promoters of the Unit Trust System is that they have provided for small and middling-sized investment a medium which spreads the risk. The investor knows what he is buying—either exactly, or within the "flexible" limits—and he is spreading his risk over a large number of securities in a way in which, say, £100–£500 could not practically be distributed by purchases of shares through the Stock Exchange. The Unit principle made a strong appeal to the investing public. The first Unit Trust was launched in the spring of 1931. During the next three years sales of sub-units averaged about £7,000,000 annually. In 1935 the capital thus invested was doubled; and though the rate of increase has latterly slowed down, it has been calculated* that on March 31st, 1938, cash sales of sub-units aggregated £88,750,000, against which there had been £10,580,000 of cash re-purchases of units by the Trusts. The net sum of capital thus invested, namely, £78 millions, is less than one-ninth of that raised from the public by building societies and under one-tenth of the public's deposits in Post Office and Trustee Savings Banks; but it has, nevertheless, reached socially and economically important dimensions.

The movement was attended from the outset by two obvious dangers, one of which engaged the attention of the Government but was averted without the necessity for legislation, while the other remains to be tested by fuller experience, but so far has not proved serious. First, the Unit Trust might have been exploited by men of straw, or crooks whose intention was to embezzle cash subscriptions. These possibilities were investigated by a Departmental Committee two years ago, whose report included various recommendations designed to ensure that all Unit Trusts should have trustees of impeccable status, that managers should be persons of probity and substance, and that holders of sub-units should be supplied with adequate particulars as to their constitution and accounts. These recommendations have now been in substance voluntarily implemented by managements, and the integrity of the system as a whole is beyond reproach.

The other danger was that Unit Trusts, whose growth and popularity had been due largely to the fact that between 1933

* For these and other figures, the writer is indebted to the admirably documented annual surveys published by the *Economist*.

and the end of 1936 the market valuation of securities had been steadily upwards, might be embarrassed, in a phase of Stock Exchange depreciation, such as the past eighteen months have witnessed, by heavy offering of sub-units, leading in turn to forced liquidation of portfolios unless managements were prepared to become "bulls" of their units out of their own resources. So far, this has not occurred. The *Economist's* latest analysis (May 28th, 1938) shows that though the average value of Trust sub-units has fallen heavily since December, 1936—though not quite so heavily as the Actuaries' Index of 151 ordinary shares—holders of sub-units have shown no inclination to jettison their investments. On the contrary, these investors have clung tenaciously to their holdings and seem to have paid little regard to market fluctuations. Sample investigations suggest that they belong in the main to the moderately comfortable middle-class and that women and retired people form a large proportion of their numbers. Whether that be the cause or not, the fact remains that even during the past twelve months the Unit Trusts have only bought back about £2,650,000 of sub-units, and nearly six fresh sub-units have been sold for every one re-purchased for cash.

It may well be that in the event of a prolonged trade depression, when incomes began to suffer and even moderately comfortable households had to raise the wind by dipping into savings, liquidation of holdings in Unit Trusts would tend to grow progressively larger. Up to the present, however, Unit Trust holdings appear to have been a stabilising factor in the stock markets. Fairly conducted, the system can claim legitimately to provide an avenue for investment which contains real advantages for members of the public who are not content with the 3 per cent. obtainable on gilt-edged stocks, but have not the knowledge that would justify putting too many eggs in one higher-yielding equity basket or would enable them to steer clear of the many Stock Exchange pitfalls in the path of the unwary. Nevertheless, the individual investor should take care that the Unit Trust he selects as the basket for his particular egg should be a suitable medium for long-term investment. A trust which is made up of industrial equities subject to extreme fluctuations over the trade cycle is obviously more speculative than one which confines itself to such stable dividend shares as banks, insurance shares, investment trusts, and the equities of the consumer goods industries.

THE BUILDING SOCIETIES

By G. L. SCHWARTZ

IF, as is frequently asserted at home and generally believed abroad, the British recovery from the depression was based upon, and in fact consisted of, an unprecedented housing boom, then credit is due to institutions wholly working-class in origin and still essentially working- and middle-class both in respect of the source and employment of their funds. There is something ironical in the fact that these institutions of humble origin, regarded until quite recently as merely on the fringe of the capital market, should have taken up the major responsibility for investment at a time when the orthodox capitalist system was on the verge of a breakdown, and that they should have carried out this task independently whilst the big nineteenth-century leaders—the banks, discount, acceptance and issue houses and the Stock Exchange—have floundered along rather aimlessly, for the most part trailing meekly in the wake of the Treasury. And it will be still more ironical if—and this seems to be the prospect at the moment—the big fellows fail to take over the baton and the State has to make the running with its armament programme. A book on the English Capital Market written in 1921 gave exactly one paragraph to the Building Societies; a recent work on the same subject gave them one of the later chapters. For a contemporary review they deserve a section, and a prominent one at that; and as for the future, it is rash to speculate on a

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problem which may come to be indexed under "The Treasury; *vide* the National Investment Board." The significance of building society activity over the past five years can be gauged from the following figures:

BUILDING SOCIETIES

	Balances due on Mortgages. Col. I. £ mn.	Net Increase in Balance due on Mortgages. Col. II. £ mn.	Advances on Mortgages during the year. Col. III. £ mn.	Repayments of Mortgages during the year. Col. IV. £ mn.	Col. IV as percentage of Col. III. %
1932 ..	388	28	82	54	66
1933 ..	423	35	103	68	66
1934 ..	476	53	125	72	58
1935 ..	530	54	131	77	59
1936 ..	587	57	140	83	59
1937 ..	636	49	137	86	63

This limited summary might give the impression that the volume of activity was solely a function of cheap money, and it should be noted that the expansion did not wait upon the money market developments of 1932. This is shown by the earlier statistics, the totals for advances on mortgages (Col. III) being £75 millions for 1929, £89 millions for 1930 and £90 millions for 1931. Turning to the table itself the latest figures appear to confirm the evidence of other statistics, namely, that the peak of the house-building boom was reached in 1936. In 1937 advances on mortgages turned down after a quinquennium of rapid increase. The decline was small but an indication that the limit has perhaps been reached within the scope of existing operations and practices. The relative decline in new business, of course, only slows up the absolute expansion in total activity, and by the end of 1937 the investment in mortgages had reached the huge figure of £636 millions. This compares with £388 millions at the end of 1932 and £62 millions at the end of 1913.

Column II shows the net annual increase on outstanding mortgages, and it will be seen that 1937 brought a reversal of the trend in this particular movement.

Column IV provides data of especial interest. It represents the return of funds to the Societies from past loans, and the rise in these totals, particularly when related to the figures for new advances, indicates the important problem now confronting the Societies. The respectable British citizen is keeping his engagements—a worthy example in the contemporary world but not without its embarrassments. As is known, the method of regular flat instalment payments on loans results in progressively larger proportions of capital repayment in the instalments as time goes on, and in the next few years a steady increase in capital refunds is to be expected as against what for the moment appears to be a secular decline in new lending. The business of the Societies now consists to a large extent of the reinvestment of repayments. A continuance of the current trend would soon bring them to the stage of a revolving fund, but the movement might not stop at this point of stability. New mortgage business may fall below the level of repayments. Hence the important question arises whether the building society movement has reached its apogee. Has it performed the main task for which it was established, and is it now faced with contraction? This problem must be exercising the minds of the leaders of the movement even if they are reluctant to face the possibility, let alone discuss it openly.

The problem can be approached from two sides. Can the Societies retain the volume of funds now at their disposal? Can they employ them remuneratively? The first answer may be largely dependent upon the second, but not completely dependent upon it. The funds are derived from share contributions and deposits plus a comparatively small amount listed under "other liabilities." The following table gives the relevant figures:

	Shares Outstanding.	Share Subscriptions during year. £ mn.	Deposits.
1932	381	72	62
1933	395	44	76
1934	424	56	97
1935	447	54	115
1936	481	69	128
1937	517	76	139

So far the figures show a comfortable expansion in resources, but these funds are by no means of a long-term character analogous with the capital of joint stock companies. On the contrary, they have the short-term character of banking funds. Column II in relation to the net movements of Column I indicates that there is a considerable turnover in share investments and withdrawals, and this is still more so in the case of deposits. It has been calculated that from 25 to 30 per cent. of outstanding deposits are withdrawn each year. It will be remembered that at one time the Societies had to take active measures to discourage new money both in shares and deposits, and much of the deposit total may still represent "hot" money ready to fly at a favourable opportunity. This in a way simplifies the problem. If this "hot" money moves out as mortgage repayments overtake new business no difficulties will arise concerning liquidity. But the process will be one of contraction, and the building society movement will decline in stature.

Looked at from the other side, can the Societies retain their funds and therefore maintain their stature by finding new remunerative outlets of employment? There are various possibilities, but one factor must be emphasised at the outset. The institutions will not be floated up on the tide of a rising population with its automatic increase in housing requirements. The population problem has been thoroughly canvassed in contemporary discussion, but this is a pertinent aspect of it. If the orthodox field of housing finance proves inadequate, what other fields of employment are open to the Societies? Statutorily they are confined to first mortgages and approved securities of the gilt-edged type. Is there any scope in security investment? This would gradually change the role of the institutions into the pedestrian one of investment trusts for Government securities. In so doing they would be following the contemporary example of discount houses,

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banks and insurance companies and, incidentally, sharing a development which is making our financial institutions ripe for State control and eventual ownership. In any case, it is doubtful whether the Building Society organisation is required for this form of investment, which is adequately catered for by official institutions.

Can the mortgage business be extended to forms of property other than ordinary housing? The Societies are not precluded from lending on large residential flats or commercial and industrial premises, and it is known that these possibilities have been explored and in some cases acted upon. On the other hand, it is contended that this type of business is risky and undesirable, and generally unfitted to the nature and form of building society practice. Some of the large Societies could undoubtedly adapt themselves to general property investment, but informed opinion at the moment would favour consolidation of existing operations even if this entailed a reduction in the total volume of business.

Nor, it is urged, need the Societies look outside the field of family housing. The recent boom catered for suburbia and not for the more poorly paid workers. The great spurt in housing activity revolved around occupier-ownership and has left untouched what some people would regard as the major problem of housing. This was recognised in the 1933 housing legislation, which contained a special provision for combined action of the State, local authorities and building societies to secure the erection of houses suitable for letting to the working classes. The results under the 1933 Act and the subsequent Act of 1936 have been very disappointing. The blame has been placed on the local authorities and also on the building industry, whilst the Societies excuse themselves on the ground that the initiative does not lie with them. It may be suggested, however, that the Societies need not stand quite so firmly on their newly acquired dignity and status, and need not be so concerned with problems of common action and agreed standards of risk and interest. We have experienced the disadvantages as well as the advantages of concentration and agreed practices in banking and other fields. The Building Society movement has already split on this issue, and if competition drives the funds into the cheaper forms of housing the risk of "endangering co-operative action and embarrassing the orthodox" may be worth while.

Finally there are still possibilities within the existing field of operations. The Societies could extend the period of redemption to existing and future borrowers. They might even leave mortgages outstanding up to a secure percentage. There is, moreover, the factor of mobility. The houses may change hands and the mortgage process start all over again. Apart from special transfers there is a new generation to take over from the old. Above all, housing standards may be raised and the pace of obsolescence quickened. With the war menace removed we might jump to a new level of prosperity with the means and the demand for rapid replacement of existing property. If the menace is not removed the building Societies' resources will join the rest of the community's savings in their sewerward rush to the bottomless sea of war finance.

LIFE ASSURANCE PROBLEMS

By F. B. SWIFT, F.I.A.

ALL the figures suggest that the business of life assurance pursues a steady upward course year after year. But it is not as easy as all that. Life assurance represents the capitalisation of the current earning power of the individual to provide against the evil day when his earning power ceases, either by death or by old age. Theoretically, the initiative lies with the individual, but life assurance is not bought by the public—it is sold to the public. The sales forces of the insurance companies are in the long run paid on results and when their returns are bad they make more intensive efforts. Their aim is to

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*Net New Business written in Year.
(000's omitted)

Year.	No. of Policies.	Sums Assured.	Annual Premiums.	Single Premiums.	Annuity Consideration.
1933 ..	486	176,100	6,600	6,000	13,100
1934 ..	551	199,800	7,300	4,800	14,500
1935 ..	575	214,600	7,900	4,700	14,700
1936 ..	594	233,600	8,400	4,700	13,700
1937 ..	588	246,700	8,500	4,000	11,600

These figures show remarkably steady progress and, while the table does not go back far enough to cover a period of depression, the effect of depressions and booms on life assurance business is generally exaggerated. In times of depression, when a man finds difficulty in investing his money safely, he naturally turns to the insurance companies, while in times of a boom his prevailing "bullishness" and his increasing savings lead to further life policies. In other words, when a man has little money but nothing to do with it he takes out a life policy, and when he has a lot of money, he takes out a further policy. Moreover, there is a secular upward trend of "consumption," for the population as a whole is still very much under-insured in comparison with the North Americans and in relation to present risks.

The importance of life assurance companies as the repositories of the savings of the people can best be illustrated by the following figures giving the increase in the funds of fifty ordinary Life offices and eight industrial Life offices :—

	*Ordinary Life Offices' Funds.	Industrial Life Offices' Funds. (000's omitted)	Total.	Increase in Year.
31.12.1932	743,300	236,700	980,000	—
31.12.1933	781,000	252,500	1,033,500	53,500
31.12.1934	813,900	270,300	1,084,200	50,700
31.12.1935	844,100	288,000	1,132,100	47,900
31.12.1936	886,000	309,300	1,195,300	63,200
31.12.1937	925,100	329,000	1,254,100	58,800

These figures show that the assets increased during 1937 by nearly £60,000,000, which represents a very substantial proportion of the annual savings of the nation of around £450,000,000. Even these figures are not complete, since they exclude the collecting Friendly Societies.

It follows that the method of investment of this £60,000,000 has a very important bearing on the level of Stock Exchange prices and the general market conditions in many other fields of investment, such as mortgages, properties of all kinds, private loans to municipalities, etc. It is perhaps just as well that all Insurance Boards do not think alike. Many large lines of stocks have changed hands recently between insurance companies. In fact, it is often said that, in the depressed conditions prevailing in the Stock Exchange, it is impossible to dispose of a large line of any stock other than gilt-edged or semi-gilt-edged securities unless an insurance company can be persuaded to buy it. It is not difficult to imagine the chaos which would be caused in the existing economic order if all the insurance companies were amalgamated and the large volume of investment business in the market were forced into a bottle neck of a single buyer or seller. In fact, if such an amalgamation did take place, the so-called "conventional" values adopted in American insurance business would soon have a *de facto* counterpart in this country.

The business of the investment of life assurance funds has always been difficult, but at no time probably within living memory has it appeared so difficult as over this five-year period. However serene and untroubled the managers and officials of the companies may have seemed, the extreme fluctuations in Stock Exchange values in this period suggest the many nasty moments they must have experienced. Five years ago, the net rate of interest earned by ordinary Life offices was 4½ per cent. To-day it is not much more than 4 per cent. and this notwithstanding the fact that current valuations of the

*Savory's Insurance Share Annual.

assets are quite considerably in excess of the book values on which these rates of interest were calculated. And yet to-day so severe has been the recent fall in market quotations that many companies have seen their large paper profits very considerably curtailed. It is quite easy to imagine a case of a single insurance company trying to sell £100,000 of a stock of which many millions might be held by insurance companies generally and for the market price to fall five points unless, of course, another insurance company is willing to add to its holding. A single sale of this magnitude might reduce the market values of all the insurance companies' holdings by as much as its own nominal value.

In addition to becoming more powerful in the financial markets, Insurance Companies have certainly grown more vocal in the expression of their views. The Investment Protection Committee, formed to protect Insurance investments, has become one of the recognised media for defeating dishonest and unfair schemes of capital reorganisation. There is also a growing tendency for Insurance Companies to use their influence in the New Issue Market. No longer will an Insurance Company support a new issue just because an Issuing House of repute says that it is good. The City baron is subject to criticism by his most faithful henchmen.

No review of life assurance would be complete without mention of a paper read before the Institute of Actuaries by Mr. E. H. Lever, the secretary of the largest English company, the Prudential Assurance Company. For many years the profitable investment of new money has been a source of ever-present anxiety to the Life offices, especially when regard is paid to the attractive rates of interest offered to intending policyholders. Much of this new business has been in the form of with-profit contracts, that is to say, the policyholder in effect pays in addition to the premium which, on the basis of the rates of mortality, expenses and interest assumed in the calculations, would support the payment of the sum assured on his death or his survival to the specified age, a further premium which, in effect, provides for the fluctuation risk not only of capital but of interest, mortality and to a lesser degree the expense of running the business. Large amounts of business are, however, transacted on the non-profit plan and the burden of Mr. Lever's complaint is that such a contract, dependent on its fulfilment of the maintenance of a given rate of interest over a very long term of years, is quite unjustified in the state of modern society and, in fact, is impossible of fulfilment. Mr. Lever suggested that all life assurances should be with-profit policies, and that the calculation of the rates of premium should ignore the factor of interest. The whole conception of compound interest over a long period of years is probably fallacious. Calculations are generally submitted to intending proposers for life assurance showing the results to be anticipated from investing a certain sum of money per annum over a very long period of years on assumptions concerning the maintenance of a given rate of compound bonus, coupled with an assumption concerning the rate of relief of income tax allowed on the premium, and the whole complicated calculation is epitomised in a single figure representing the yield on the proposer's investment. While there is no doubt as to the accuracy of the calculations, there is considerable doubt about the admissibility of the assumptions and it is suggested in many quarters that a long-term rate of interest is a mere abstraction.

Indeed it is difficult to justify the use of a compound rate of interest after income tax in excess of 2 per cent. Such a rate of interest has to be guaranteed for a very long period of years and at the present time the premier British securities, which are by no means riskless in view of general world problems and the special British budgetary and economic problem, yield very little more than 2 per cent. after income tax. Current rates of premium are based on very much higher rates of interest. Mr. Lever may not succeed in abolishing non-profit business to-morrow, nor may the conception of compound interest die the day after, but we are marching in these directions.

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THE INSURANCE MARKET

By COVER

In the chaos of currencies which followed the crisis of 1931 the London insurance market was deeply concerned. It was not alone in that experience, for everyone who traded on a wide scale internationally had at that time days, weeks or months of acute anxiety. In some ways, in fact, insurers were better off than ordinary merchants since they carried no stock, and the fall in commodity prices instead of adding to their embarrassments tended rather to ease the burden by reducing claims. But there was another side to the picture, and the general public to whom the finance and organisation of insurance offices is almost unknown probably failed to realise what a remarkable proof the British offices gave at that time of their strength and prudent management.

The position was this. For years the pressure of nationalism had been forcing British offices to invest greater and greater sums in foreign countries, which they were providing with the security of a sound insurance, and a few years after the war it was estimated that a company which did business in every country open to it must tie up not less than half a million sterling in deposits. By 1931 that figure was an underestimate, and what with statutory deposits, statutory reserves, statutory percentages of premium incomes and statutory allowances for outstanding claims, the resources which the London insurance market had to leave abroad had reached a gigantic figure. Every penny of it was in foreign currency and not a penny of it could be moved.

The situation was undoubtedly difficult, but the result was a triumph for British insurers. In those critical years, harassed as they were by nationalist legislation and falling currencies, they were able to keep their premium incomes at approximately the old figure of £100,000,000 per annum (that does not include life premiums) and to record every year a small but consistent percentage of their income as net profit. The greatness of that achievement ought to be widely appreciated, for it indicates the value of the service which our great insurance offices render to the trading community throughout the world. It indicates too the folly of that growing spirit of nationalism which would exclude foreign insurers and says in effect "we will allow no one from beyond the frontier to help us in spreading our risks, and whatever disaster may come upon us shall be borne by ourselves alone."

If the total premium income of the British offices has varied surprisingly little during these troubled years the composition of the income has greatly changed. Some of the tributary streams have gained and others have lost in strength. Before the war the stand-by of every composite company, apart from the life department, was fire. It was the fire manager who raked in the premium income and the fire manager who made most of the profit or was responsible for most of the loss. But most fire underwriters would admit to-day that fire is not what it was. Competition is too keen, and the ingenuity of non-tariff markets too active for the head of a big fire department to lead the comfortable life which he is reputed to have enjoyed forty years ago; and even the improvement of the physical hazard (which has in general been considerable) has made it difficult for him to keep his income up to the desired level. The centre of gravity has in fact shifted from the fire to the accident and miscellaneous department, and it seems probable that as the years go by composite offices will have to rely more and more on the accident manager as business-getter in chief.

The reason for this growing importance of accident insurance is the growing liability of almost all of us for injuries that we may do to our fellow-travellers through life. The most obvious example is, of course, the car. Every time we drive a car we carry in our hands the lives of the pedestrians and the other motorists we pass on the road, and even if there were no compulsory insurance, no sensible man would dream of driving a car without third-party cover. But the tendency to increase our liability to third parties is not confined to cars. This is the golden age for plaintiffs, and the tendency of the law courts both here and abroad is to shoulder Citizen B with whatever injury may be inflicted on Citizen A. The old legal doctrine that the man who keeps a tiger is responsible for what the tiger does has been strengthened and extended, and so long as the present fashion holds the demand for third-party cover is certain to increase. For the manufacturer the distributor and the householder it is to-day almost as important to be covered against third-party liability as to be insured against fire.

This accident insurance is not an easy business to conduct successfully, and the man who undertakes it must watch his steps with care. The liability is dependent mainly on the state of the law. A new Act of Parliament or an unexpected legal judgment may throw all his calculations out of gear, and changes in the mental attitude of juries—that curious phenomenon which no one who reads the law reports can overlook—will within a year or two work a complete change in the amount of liability that an insurer has to face. In the last few years juries—probably quite rightly—have thought in terms of damages never dreamt of ten years ago, and Parliament and the judges between them have invented new reasons for awarding damages which are admittedly ridiculous. The classical example is the Law Reform Act of 1934 and the judgment in Rose *v.* Ford, which if not the most important incident in the recent history of insurance, is certainly (to the outsider) the most entertaining and (to the logician) the most absurd.

Last and most sinister of the changes since 1931, we come to the fear of war, and to the universal agreement that damage by war risks on land is henceforth uninsurable. Man's capacity to destroy has outstripped his capacity to restore; and underwriters, companies and governments now unite in a general confession that the insurance of war damage on land is beyond their power. In that supreme calamity the loss must rest where it falls.

BRITAIN'S TRADING POSITION

By GRAHAM HUTTON

The crisis of 1931 was due to two causes, one immediate, the other remote. The immediate cause was a violently rapid upset in our balance of payments with the outside world, itself provoked by ill-timed short-term loans to the Continent (principally Germany). These loans became frozen in the Continental crisis of that year, at the same time as money deposited in London by anxious Continental capitalists was suddenly demanded again as a result of panic about the British financial position.

The remote cause of the 1931 crisis, however, was bound up with Britain's return to the gold standard in 1925. That penalised the British export trades, which became mainly responsible for the long continuing quota of unemployment throughout even the best years until 1929. Until the crisis of 1931 broke, this country was trying to maintain by financial measures an artificially high value of the pound abroad. It was roughly 10 per cent. too high, which partly accounts for Mr. Keynes's advocacy of the 10 per cent. revenue tariff in 1931. At the same time Britain was trying to recapture its pre-war position in the trading world. Finance was in a tug-of-war with British industry in the world arena.

The abandonment of the gold standard by the first National Government in September, 1931 not only restored some measure of competitive capacity to British exporters in the world as it then was, i.e. before the import-quota system and controlled exchanges and trade became so widespread in the world. It also exerted a deflationary influence upon gold prices in the world, owing to the importance of the British import market and to the ensuing imposition of the British tariff. Accordingly, the terms of trade began to move in

Britain's favour. Though British exports had been badly hit by the slump, the prices of Britain's necessary imports of primary products, i.e. food and raw materials, fell proportionately lower than did the values of British exports. With less exports we were able to purchase the same imports; which means that despite growing unemployment in the distressed areas (mainly regions working for export) we were not only able to maintain, but even to raise, standards of living in this country for the employed worker right down to the end of 1935. Thereafter, the prices of our imports began to catch up with the prices of our exports, until the latest recession of prices set in a year ago.

During the cycle of depression and recovery, from 1931 until the end of 1936, the economic measures adopted by successive National Governments both for domestic and foreign trade began to make their influence felt upon our trading position in the world. Our exports to the rest of the world bore the brunt of the reduction in our shipments abroad; while a much greater value and proportion of our imports came from the Empire. Exports to the Empire did not rise so much; but our exports to Europe kept almost constant throughout.

GEOGRAPHICAL DISTRIBUTION OF BRITAIN'S OVERSEA TRADE
(Per cent. of Total Value in £)

	1929.	1936.	1937.
U.K. IMPORTS FROM:			
Dominions and Colonies ..	29.4	39.2	39.4
Europe	38.1	34.2	34.0
Rest of World	32.5	26.6	26.6
U.K. EXPORTS TO:			
Dominions and Colonies ..	44.4	49.2	48.4
Europe	31.9	31.2	32.0
Rest of World	23.6	19.6	19.7

BRITAIN'S TRADING POSITION
(£ millions)

	1929.	1932.	1936.	1937.	First Quarter. 1937.	First Quarter. 1938.
Total Imports ..	1,221	702	849	1,029	230	245
Exports	729	365	441	522	121	121
Re-exports	110	51	60	75	19	16
Import Surplus ..	382	286	348	432	90	109
Shipping Income ..	130	70	85	130	—	—
Investment Income ..	250	150	205	220	—	—
Rest*	105	15	40	30	—	—
Balance of Payments..	+103	− 51	− 18	− 52	—	—

* Commissions, Silver transactions, Government transactions, etc.

It will be noted that, despite redirection of our oversea trade into Imperial channels, the total *value* of our exports remains at 30 per cent. below its 1929 level, while that of our imports is back within 15 per cent. of its pre-depression level. The *volume* of our imports last year was nearly 5% greater than in 1929; but the volume of our exports was 15% less. Since the crisis year 1931, when our import surplus was £405 millions, it had fallen as low as £258 millions in 1933, and had climbed back by last year to a peak of £432 millions. One potent causal factor in this development has been the disparity between world prices of our necessary imports and the sterling prices of our exports. While the recent collapse in world prices enables us to secure more imports for the same value of exports, it also reduces our clients' ability to buy from us; which means that we have still to compete with other exporting countries—notably Germany, France, Italy and the U.S.A.—in world markets.

Yet it is not the import surplus on merchandise account which matters, but the total balance of payments emerging after we have offset that surplus of imports by our income

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from "invisible exports," i.e. shipping income, income from overseas investments, commissions, insurances, Government transactions, etc. The figures for our balance of payments in these years, calculated by the Board of Trade in a very rough-and-ready fashion, show that we had a credit balance against the outside world in 1929 of £103 millions; and that this had changed in 1931 to a debit balance of £104 millions. Our international accounts balanced in 1933; a credit balance of £32 millions arose in 1935; but since then debit balances set in which, last year, reached the total of £52 millions.

How have these figures arisen? The Board of Trade has been extremely sanguine in estimating that our net income from British shipping has risen from its low point of £65 millions in 1933 to exactly double last year, i.e. the same figure of £130 millions as in 1928 and 1929. True, freight rates rose from 100.0 in 1935 to 175.6 in 1937; but rates are one thing and the volume of cargo which pays them, quite another. Freight rates have fallen rapidly since last autumn. True again, much less idle shipping existed last year; but only two weeks ago the Parliamentary Secretary to the Board of Trade informed the Commons that a new scheme for compensating British shipowners for laying-up tonnage has been devised.

While the totals of our net investment income from abroad remained stable at £250 millions in 1927, 1928 and 1929, they fell to a low point in 1932, and have since steadily risen to the Board of Trade's figure of £220 millions for last year. Yet this latter figure masks many doubts, and even portents; for, as Sir Robert Kindersley's latest study of our oversea investments shows (*Economic Journal*, December, 1937, page 642) we have since our abandonment of the gold standard been living to a considerable extent upon our capital:

> The heavy repayments in recent years have provided us with a further means of paying for our growing volume of imports. But the resulting decline, not only in the total, but also in the quality of our loans abroad, must be viewed with concern. Apart from some repurchases by foreign nationals of their own countries' low-priced defaulted bonds, repayments since the depression have been mainly concentrated on our best-class loans. For, it is in respect of these that contractual sinking funds have been maintained or that total repayment has been effected in anticipation of maturity. Moreover, by far the greater proportion of the new Foreign Government bonds that have made their appearance on the London market since 1930 are not the result of genuine investment, but of the enforced conversion of unpaid and unremitted interest, as well as of frozen commercial and other balances. These additions cannot, of course, be regarded as constituting a desirable increment of our foreign holdings.

Now there has been a deliberate embargo on net new foreign borrowing in London ever since 1931; and, since the Ottawa Agreements of 1932, an equally deliberate canalisation of trade and foreign loans into strictly Imperial channels. The upshot has been that very little net new lending abroad has taken place at all, even to the Empire. Consequently, a good deal of the growing import surplus since 1933 has been defrayed by repatriation of British capital formerly invested abroad; and, secondly, a good deal of our domestic boom in net new investment (e.g. housing, factory extensions, new equipment, etc.) since 1933 is explained by the embargo on foreign loans and the translation of capital homewards from abroad. The natural obverse of this medal is a fall in British export trade (both visible and invisible), as is shown by the obstinate stability of exports at a level 30 per cent. below the level in 1929, from which low level exports are now receding again. At the same time, a recession is well under way in our home trade, dependent on new investment at home.

The economic fragmentation of the world since 1932, the onrush of economic authoritarianism both in dictatorships and democracies, the currency chaos (still unresolved)—all these influences combine with the acts of successive British Governments to render the purely British economic outlook exceedingly obscure. For instance, in view of all the foregoing, it must now be apparent that the so-called "special areas," once busily engaged on export trade, are in the immediate future bound to raise pressing problems again. There are now upwards of 300,000 unemployed in the textile, coal and shipping trades alone, compared with under 200,000 a year ago. In fact, the domestic "civil" and rearmament booms of the last five years have done little to resolve the secular transfer problem, i.e. the problem how best to redistribute Britain's human and material resources between domestic and foreign trade. For almost as fast as new domestic investment has expanded, new markets abroad have been lost, or our lending abroad (much of which took the shape of exports) has withered away. And, finally, our continuously growing imports since 1932 show, naturally, a far greater proportionate rise in imports of raw materials than in imports of food or manufactures. We still have to import both the major portion of our needs in raw materials and food; and this, at least for some years to come, decrees a need for extremely delicate manoeuvre between home and export trade, between employment for the home and that for the foreign markets.

It is just this need for delicate adjustment which now, after five years of so-called recovery and boom, is becoming imperative. True, this period has witnessed a reduction in the proportion of our workpeople engaged in foreign trade from about 24 per cent. of the whole to about 15 per cent.; but if 15 per cent. are still so engaged, and most of the unemployed out of jobs for more than nine months also come from export trades, the magnitude of the problem yet to be solved is clear.

In fact, during the last six years the British economy has been divided, by acts of State, into three distinct segments: first, that working for foreign trade; secondly, that working for a more and more "managed" home market; and thirdly, that working for a completely "managed" rearmament programme, the level of costs in which bears no relation at all to those ruling in the other two segments. Clearly, on any British Government's ability to reconcile the effects and demands of these three distinct branches of our national economy depends the welfare of our people. And since so many of our economic activities depend on foreign trade, currencies, exchanges, commodity prices, and international services, the re-emergence of the spectre of Slump in world trade constitutes a problem, not only for our foreign trade, but for the entire British economy.

THE INVESTMENT OUTLOOK

By DIVES

After the most abrupt fall in security values ever experienced in any business depression in this century the investor probably feels incapable of looking calmly at the future. Reviewing his portfolio of investments he will find that his British industrial ordinary shares have suffered a market depreciation of between 30 per cent. and 40 per cent. in the past eighteen months. Good "investment" shares have slumped in some cases as much as speculative shares. His representative American common stocks fell by nearly 70 per cent. between March, 1937, and June, 1938. In fact, he will have maintained capital values in this period only on his dated gilt-edged and first-class debenture stocks, although heavy falls will have been suffered on many foreign bonds and "thinly-covered" industrial debentures and preference shares. Even in the gilt-edged market he will have suffered losses if he had been caught in the "longs" when the "boom" burst early in 1937, for 2½ per cent. Consols rose as high as 87¼ in 1936 and have now fallen to 74 $\frac{3}{16}$. Even if he could have distributed his capital over every stock quoted in the London Stock Exchange Official List he could not have escaped disaster, for, according to the *Economist*, these securities showed an average depreciation of nearly 20 per cent. in the year ending March, 1938. There is no doubt that the recent slump is something unique in investment history. In no other depression has an eighteen-months' fall been so steep as the one between January, 1936, and June, 1938.

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Of course, it may be objected that the investor has nothing to complain of, seeing that if he had bought the representative British industrial ordinary shares comprising the *Financial News* index in June, 1932, and had held them until December, 1936, he would have enjoyed a market appreciation of 200 per cent. Even at to-day's prices he would still have lost only one-half of the rise of the great recovery period. But there is one disturbing feature about the recent decline in security prices which has upset his confidence. It is the increasingly important part played by "political" fears in determining market values. Indeed, it was a political "confidence crisis" which disturbed the security markets in 1937 and started the slump. Some investors are even asking to-day whether politics will ever again allow confidence to be fully restored, so that private capital investment can go ahead untrammelled by political fears.

Before we attempt to reach a conclusion on this matter, let us rehearse the causes of the 1937-38 slump in security prices. It began as the result of a direct attack by Governments on profits and prices—in other words, after a political affront to the motive forces of the capitalist system. Mr. Roosevelt started it all by declaring early in April, 1937, that the prices of durable goods (steel, copper, etc.) were too high. This was followed by a rumour that the American Government had under consideration a downward revaluation of the price of gold, and although the rumour was officially denied, there was a strong suspicion that it had been officially inspired. This was the signal for the break in the commodity markets. Then Mr. Neville Chamberlain took a hand in his Budget of 1937. He added 3*d.* to the income tax and laid a special defence tax on the growth of business profits which was regarded as unfair and uneven in its incidence and mischievous because it taxed the efficiency of business executives. The tax was, of course, revised; but its introduction had already led to widespread selling of commodities and commodity shares on the London market. At best Mr. Roosevelt's intervention and Mr. Chamberlain's imposition could be regarded as an honest attempt to slow down or check an incipient inflationary boom, but the use of Government powers in an anti-capitalist direction in two non-Socialist countries was a serious blow to the private investor's confidence. In America, Mr. Roosevelt was not content to break the boom; he delivered blow after blow by attacking big business in general and the utility industry in particular. He constantly made it clear that he attached more importance to reform than to business recovery.

A "confidence crisis" in the business world, if sufficiently prolonged, is quite capable, as one economist put it, of arresting a recovery movement and starting a cyclical decline, even in a period of vast Government spending. This is indeed what happened. In the early autumn of 1937 the rapid deterioration of the European political situation caused a renewed outbreak of capitalist "funk" which was intensified by the first visible signs of an industrial recession in the United States and by the collapse in commodity prices. The *Economist* index of business activity in Great Britain did not begin to decline until the late autumn, but by the end of the year, despite the rearmament programme, it was obvious that there was a recession in Great Britain to balance the depression in America. Thus, the stock markets had been right in their prophetic and deep gloom. The "confidence crisis" in the Anglo-American business world, caused originally by Mr. Roosevelt and Mr. Chamberlain, and then intensified by the fear of war in Europe, had brought the recovery movement to an end. It had dried up the springs of new capital investment and private enterprise had begun to deflate its expenditures to a greater extent than the Governments had inflated theirs. What are now the chances of recovery?

Because the new depression has been steeper than anything experienced before, there would be a *prima facie* reason for expecting its duration to be relatively short. In fact, the case for a sharp but short depression is impressive, first because there is no financial or banking crisis in the United States; secondly, because the primary producers are better organised to withstand a slump; thirdly, because Governments are better prepared and equipped for countering the deflationary effects of falling prices by reflationary or inflationary measures. The American Government has set the lead in reflation by de-sterilising its gold imports, by inflating bank credit and by launching a huge Government spending programme. Unfortunately, this spending programme has not brought back confidence to the business world immediately. Mr. Roosevelt has maintained his attack upon the utility industry, has made speech after speech to indicate that he still adheres to the New Deal, and has reasserted his control over Congress by the force of Government appropriations for relief. The question must therefore be asked: Can the inflationary spending programme succeed in America if the spending is in the hands of a Government in which the business world has no confidence? For every 1,000 million dollars Mr. Roosevelt spends, private business may reduce its own expenditures by more, so that the net effect of the Government spending may be deflationary.

Nevertheless, if money talks anywhere, it is in America. There is no doubt that Government expenditures at the rate of $4,000 millions a year are bound to stimulate consumption in the end and that the increase in consumption is bound to reduce the inventories of merchandising firms so that a stocking-up movement will set in sooner or later. It is this hope that has encouraged Wall Street to go ahead at the present moment. It would be rash to say that this recovery marks the end of the "bear" market or of the great "confidence crisis" in the American business world. A sweeping victory of the Roosevelt candidates in the democratic primaries and in the November elections for Congress might shatter the revival of confidence which is now visible in the stock markets. Another warlike threat from Germany might have the same effect. But one thing is plain. In spite of the political shocks to confidence which Wall Street has suffered the capitalist system in America is not yet dead. If America recovers, commodity prices will recover and with them the British export trades. On America, therefore, we still depend, and happily at the moment Wall Street has renewed our hope.

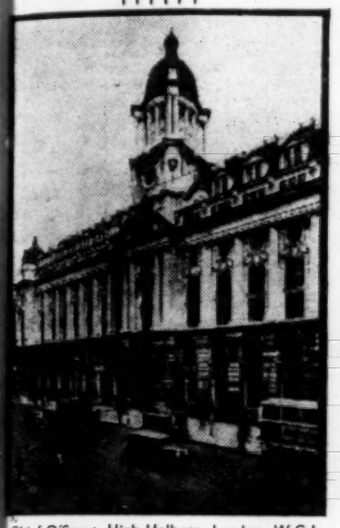
NOTES ON TABLE OF LIFE ASSURANCE AND ANNUITY COMPARISONS

By T. EGGINTON PAULL, F.S.S.

The income of British Life Assurance institutions now amounts to more than £217,000,000 a year—over £96,500 a working hour. The business in force amounts to over £3,517,000,000, or an average of £78 per head of population. The Funds amount to well over £1,327,000,000, or an average per head of the population of £29.

In taking stock of the actual results of Endowment and Whole Life Assurances shown in the table on page 58, it is interesting to note that the With Profit Endowment Assurances yield as much as 4 per cent. compound interest, while a Whole Life Assurance, with an assumed claim at age 65, yields 5 per cent., allowing the average actual income tax rebates.

The results of With-Profit 30-year Endowment Assurance policies maturing this year, at age 60, on a £10 premium show a difference between the lowest and highest of nearly 35 per cent. The difference in the non-profit Endowment Assurance (column 2) at present rates is 18 per cent., and the Whole Life Assurance with profits, taking actual results (assuming death at age 65) and present non-profit rates, shows a difference between the lowest and highest in their respective schedules of 55 per cent. (column 4), and 30 per cent., column 5. The Annuity results differ by 15 per cent. in the income for a given capital.



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